SENATE

TUESDAY, MAY 31, 1949

(Legislative day of Monday, May 23, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, we turn from memorial wreaths, and from the fluttering flags on countless grassy mounds, to face once more the never-ending struggle to maintain and preserve the freedoms which have been bought at so crimson a cost. From sea to sea of the homeland this radiant morning, where the grass has been trodden by reverent feet, and in little sacred patches of alien soil, where is kept the bivouac of our valiant dead, we see the crosses and the flags blending in their mute testimony. Knowing that eternal vigilance is the price of liberty, as we fight democracy's battles in these days against cunning foes at home and abroad, may that cross and that flag speak to us of strength that is increased by its spending, of life that is saved by its losing, and of greatness that is measured by its serving.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, May 27, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Represenatatives, by Mr. Swanson, one of its reading clerks, announced that the House had insisted upon its amendment to the bill (S. 714) to provide for comprehensive planning, for site acquisition in and outside of the District of Columbia, and for the design of Federal building projects outside of the District of Columbia; to authorize the transfer of jurisdiction over certain lands between certain departments and agencies of the United States; and to provide certain additional authority needed in connection with the construction, management, and operation of Federal public buildings; and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing vote of the two Houses thereon, and that Mr. WHITTINGTON, Mr. BUCKLEY of New York, Mr. LARCADE, Mr. DONDERO, and Mr. ANGELL were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the title of the bill (H. R. 3334) to grant the consent of the United States to the Pecos River compact.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 1754) extending the time for the completion of annual assessment work on mining claims held by location in the United States for the year ending at 12 o'clock meridian July 1, 1949; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ENGLE of California, Mr. MURDOCK, Mr. REGAN, Mr. LEMKE, and Mr. BARRETT of Wyoming were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 3334) granting the consent of Congress to the Pecos River compact, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hill	Pepper
Brewster	Holland	Robertson
Bricker	Humphrey	Schoeppel
Chapman	Hunt	Sparkman
Donnell	Johnston, S. C.	Stennis
Eastland	Kefauver	Taft
Ecton	Kem	Taylor
Ferguson	Langer	Thye
Flanders	Lucas	Wherry
Frear	Malone	Wiley
Fulbright	Martin	Williams
Green	Neely	Withers
Hendrickson	O'Conor	

The VICE PRESIDENT. A quorum is not present. The Secretary will call the names of the absent Senators.

The names of the absent Senators were called, and Mr. CAIN, Mr. GRAHAM, Mr. MCCLELLAN, and Mr. YOUNG answered to their names when called.

The VICE PRESIDENT. A quorum is not present.

Mr. LUCAS. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. JOHNSON of Texas, Mr. MYERS, Mr. REED, Mr. LONG, Mr. BYRD, Mr. VANDENBERG, Mr. KNOWLAND, Mr. MURRAY, Mr. MAYBANK, Mr. GURNEY, Mr. MCKELLAR, and Mr. CORDON entered the Chamber and answered to their names.

Mr. CONNALLY, Mr. ELLENDER, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. LODGE, Mr. MCCARRAN, Mr. MILLIKIN, Mr. O'MAHONEY, Mr. SALTONSTALL, Mr. THOMAS of Oklahoma, and Mr. THOMAS of Utah also entered the Chamber and answered to their names.

Mr. MYERS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], and the Senator from Rhode Island [Mr. MCGRATH] are absent on public business.

The Senator from Illinois [Mr. DOUGLAS], the Senator from California [Mr. DOWNEY], the Senator from North Carolina [Mr. HOEY], the Senator from Colorado [Mr. JOHNSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Arizona [Mr. MCFARLAND], the Senator from Connecticut [Mr. MCMAHON], the Senator from Georgia [Mr. RUSSELL], and the Senator from Maryland [Mr. TYDINGS] are detained on official business in meetings of committees of the Senate.

The Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. MILLER], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN], the Senator from Nebraska [Mr. BUTLER], the Senator from Indiana [Mr. JENNER], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Maine [Mrs. SMITH] is absent on official business.

The senior Senator from New Hampshire [Mr. BRIDGES], the junior Senator from New Hampshire [Mr. TOBEY], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Oregon [Mr. MORSE], and the Senator from Utah [Mr. WATKINS] are detained on official business.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New York [Mr. IVES] are necessarily absent.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators desiring to incorporate matters in the RECORD, report bills, or conduct any other routine business that is usually taken care of in the morning hour, be permitted to do so, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

INVESTIGATION OF OPERATION AND MAINTENANCE COST OF TOWN OF OAK RIDGE, TENN.—PETITION

Mr. KEFAUVER. Mr. President, I present for appropriate reference a petition signed by approximately 6,000 citizens of Oak Ridge, Tenn., in which they request an immediate investigation of the operation and maintenance cost of Oak Ridge, Tenn., particularly the housing cost.

The VICE PRESIDENT. The petition will be received and appropriately referred.

The petition was referred to the Committee on Banking and Currency.

GENERAL PULASKI'S MEMORIAL DAY

Mr. MYERS. Mr. President, I present for appropriate reference resolutions adopted by the City Council of McKeesport, and the Common Council of New Kensington, both in the State of Pennsylvania, favoring the enactment of legislation proclaiming October 11 of each year as General Pulaski's Memorial Day.

There being no objection, the resolutions were referred to the Committee on

the Judiciary, and ordered to be printed in the RECORD, as follows:

Resolution 5584

Resolution memorializing the Congress of the United States to pass, and the President of the United States to approve, if passed, the General Pulaski's Memorial Day resolution now pending in Congress

Resolved by the city of McKeesport in council assembled, That—

Whereas a resolution providing for the President of the United States of America to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski is now pending in the present session of the United States Congress; and

Whereas the 11th day of October 1779 is the date in American history of the heroic death of Brig. Gen. Casimir Pulaski, who died of wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

Whereas various States of the Union, through legislative enactment designated October 11 of each year as General Pulaski's Memorial Day; and

Whereas it is fitting that the recurring anniversary of this day be commemorated with suitable patriotic and public exercises in observing and commemorating the heroic death of this great American hero of the Revolutionary War; and

Whereas the Congress of the United States of America has by legislative enactment designated from October 11, 1929; to October 11, 1946, to be General Pulaski's Memorial Day in the United States of America: Now, therefore, be it

Resolved by the Council of the City of McKeesport, Allegheny County, Pa., That we hereby memorialize and petition the Congress of the United States to pass, and the President of the United States to approve, if passed, the General Pulaski's Memorial Day resolution now pending in the United States Congress.

MARCH 10, 1949.

Hon. FRANCIS MYERS,
United States Senator,
Washington, D. C.

DEAR SENATOR MYERS: I hereby certify that the following resolution was adopted at a regular meeting of city council held March 1, 1949, and that this is a true and correct copy of the resolution as contained in the minute book for the above-mentioned meeting:

"Whereas a resolution providing for the President of the United States of America to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski is now pending in the present session of the United States Congress; and

"Whereas the 11th day of October 1779 is the date in American history of the heroic death of Brig. Gen. Casimir Pulaski, who died from wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

"Whereas the States of Arkansas, California, Connecticut, Delaware, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Nevada, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, West Virginia, Wisconsin, and other States of the Union, through legislative enactment designated October 11 of each year as General Pulaski's Memorial Day; and

"Whereas it is fitting that the recurring anniversary of this day be commemorated with suitable patriotic and public exercises in observing and commemorating the heroic death of this great American hero of the Revolutionary War; and

"Whereas the Congress of the United States of America has by legislative enactment designated from October 11, 1929, to October 11, 1946, to be General Pulaski's Memorial Day in United States of America: Now, therefore, be it

"Resolved by the Common Council of the City of New Kensington and State of Pennsylvania:

"SECTION 1. That we hereby memorialize and petition the Congress of the United States to pass, and the President of the United States to approve, if passed, the General Pulaski's Memorial Day resolution now pending in the United States Congress.

"SEC. 2. That certified copies of this resolution, properly authenticated, be sent forthwith to the President of the United States, the Vice President of the United States, and each of the United States Senators and Representatives from Pennsylvania."

L. G. HEINLE,
City Clerk, City of New Kensington, Pa.

CURTAILMENT OF VETERANS' ALMINISTRATION CONTACT SERVICE—LETTER AND RESOLUTION OF DISABLED AMERICAN VETERANS, DEPARTMENT OF NORTH DAKOTA

Mr. LANGER. Mr. President, I am in receipt of a letter from E. O. Podell, State adjutant, Disabled American Veterans, Department of North Dakota, transmitting a resolution adopted by that organization relating to the curtailment of the Veterans' Administration contact service, and I ask unanimous consent that they may be appropriately referred and printed in the RECORD.

There being no objection, the letter and resolution were referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

DISABLED AMERICAN VETERANS,
DEPARTMENT OF NORTH DAKOTA,
Minot, N. Dak., May 27, 1949.

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SENATOR LANGER: Enclosed you will please find copy of resolution referred to above, which was passed unanimously at the North Dakota Disabled American Veterans Convention, held in Devils Lake, N. Dak., May 7–9, 1949.

You are urged to strenuously support the wishes of all disabled veterans in our State, as expressed in this resolution.

Elimination or further curtailment of this vital function of service to all veterans is akin to removing the eyes and ears of the people's outpost, upon whom they depend for information as to the progress of the legislation they created for the specific purpose of aiding that segment of our citizenry they feel responsibility and gratitude toward.

E. O. PODELL,
State Adjutant.

Resolution 24

Whereas the recent drastic cut by the Federal Budget Bureau in the Veterans' Administration appropriation for the fiscal year of 1950 has resulted in a decision of Carl Gray, Jr., Administrator, to reduce Contact Division personnel, eliminating a number of contact field offices, and eliminating or at least severely curtailing itinerant contact service which provides direct service to the veteran and his dependents; and

Whereas further curtailment in the contact service of the Veterans' Administration in North Dakota is certain to effect a large number of disabled veterans and their dependents residing in smaller communities and rural areas and since they will not be able to contact the Veterans' Administration except by extensive travel and considerable cost; and

Whereas the Disabled American Veterans of the World Wars, Department of North Dakota, recognizes that benefits granted by Congress to the veteran and his dependents are not automatic and that the veteran and his dependents must be informed of their rights, benefits, and entitlements and assisted in the proper application to obtain them; and

Whereas a most important source of information and assistance to disabled veterans and their dependents has been through field contact offices and contact representatives or itinerant duty; and

Whereas we are of the opinion that the elimination or reduction of the service provided by the Contact Division of the Veterans' Administration will have the effect of withholding from the disabled veteran and his dependents the entitlements which have been granted by Congress. We feel that there are several divisions of the Veterans' Administration which could have been reduced in personnel with far less harmful effect to the veteran and we feel that the reduction in personnel of the Contact Division will result in the veteran and his dependents being unable to obtain entitlements to which they are entitled because of not being informed and being unable to properly present a claim; and

Whereas we feel that the burden of proof is frequently on the veteran by the elimination and reduction of the best source of information and assistance, thousands of prospective beneficiaries will have been disposed of—fewer applications for benefits, fewer claims open for review, fewer instances of required supplemental evidence: Therefore be it

Resolved, That the Disabled American Veterans of the World Wars, Department of North Dakota, assembled in the twenty-ninth annual department convention at Devils Lake, N. Dak., May 7–9, protest emphatically against further reduction in the contact service of the Veterans' Administration in North Dakota; and be it

Resolved, That copies of this resolution be forwarded to the President of the United States, the Administrator of the Veterans' Administration, the manager of the Fargo center of the Veterans' Administration, and to each representative in Congress from North Dakota.

RICHARD V. BOULGER.

Passed at official convention, Department of North Dakota, Disabled American Veterans, Devils Lake, May 7–9.

E. O. PODELL,
State Adjutant.

PROPOSED REPEAL OF TAFT-HARTLEY LABOR LAW—PETITION

Mr. WILEY. Mr. President, I have received this morning from the Wisconsin section of the American Society of Civil Engineers, a petition in opposition to certain changes being proposed in the Taft-Hartley law. The petition prays for maintenance of the separate professional status for professional employees. I believe in the soundness of this idea, and I support the position taken by the American Society of Civil Engineers.

I ask unanimous consent that the text of the petition as conveyed to me by Mr. Willard W. Warzyn, chairman of the legislative committee, be appropriately referred and printed at this point in the body of the RECORD.

There being no objection, the petition was ordered to lie on the table and to be printed in the RECORD, as follows:

WISCONSIN SECTION,
AMERICAN SOCIETY OF CIVIL ENGINEERS,
Milwaukee, Wis., May 27, 1949.

The Honorable ALEXANDER WILEY,
United States Senate Building,
Washington, D. C.

DEAR SENATOR WILEY: We, the undersigned represent the Wisconsin section of the American Society of Civil Engineers, which includes approximately 300 civil engineers in its membership, a list of which is enclosed.

We wish to protest against the bill introduced in the Senate and House pertaining to amendments of the Taft-Hartley Act which affect professional employees. Sections 2 (12) and 9 (b) 1 of the Taft-Hartley Act should be maintained in the act. These sections prohibit the inclusion of professional employees with nonprofessional employees in collective-bargaining units, unless a majority of such professional employees vote for inclusion in such unit.

An act of this nature which segregates the professional employees from the nonprofessional employees in their collective-bargaining units will serve the best interests of the public and the professional employees. Therefore, we sincerely hope that when any further consideration is given this labor legislation you will favor the maintenance of that portion of the act which prohibits the inclusion of professional employees with nonprofessional employees in collective-bargaining units.

Yours very truly,

Wisconsin Section, American Society of Civil Engineers: O. Neil Olson, President; Fred M. Sloane, First Vice President; LeRoy W. Empey, Second Vice President; Charles W. Yoder, Secretary and Treasurer; Willard W. Warzyn, Chairman, Legislative Committee; Legislative Committee Members: Robert C. Johnson, E. H. Schmidtman, Richard A. Smith, Grant M. Hinkamp, Louis J. Larson.

FLORIDA LEGISLATURE RESOLUTIONS

Mr. PEPPER. Mr. President, I present for appropriate reference and printing in the RECORD Senate Memorial 282, relating to a limited world federal government, and Senate Memorial 614, relating to the recommendations of the Hoover Commission, both of the Florida Legislature, sent to me by the secretary of state of Florida, for presentation to the Senate.

The VICE PRESIDENT. The resolutions will be received, appropriately referred, and, under the rule, printed in the RECORD.

To the Committee on the Judiciary:

"Senate Memorial 282

"Memorial to the Congress of the United States to convene a constitutional convention as provided by article V of the Constitution of the United States, for the purpose of determining the adoption of an amendment to the Constitution of the United States whereby the United States can participate in a limited world federal government to be created by amendment to the United Nations Charter, or by a world constitutional convention, with authority to enact, interpret, and enforce laws to prevent wars

"Whereas war is now a threat to the very existence of our civilization, because modern science has produced weapons of war which are overwhelmingly destructive and against which there is no sure defense; and

"Whereas the effective maintenance of world peace is the proper concern and responsibility of every American citizen; and

"Whereas the people of the State of Florida, while now enjoying domestic peace and security under the laws of their local, State, and Federal Government, deeply desire the guarantee of world peace; and

"Whereas all history shows that peace is the product of law and order, and that law and order are the product of government; and

"Whereas the United Nations, as presently constituted, although accomplishing great good in many fields, lacks authority to enact, interpret, or enforce world law, and under its present charter is incapable of restraining any major nations which may foster or foment war; and

"Whereas the Charter of the United Nations expressly provides in articles 108 and 109, a procedure for reviewing and altering the Charter; and

"Whereas the necessity for endowing the United Nations with limited powers rendering it capable of enacting, interpreting, or enforcing world law adequate to prevent war has been recognized by the Florida State Legislature through the passage of House Concurrent Resolution 10, 1945; and

"Whereas many other States have memorialized Congress through resolutions by their State legislatures or in referenda by their voters, to initiate steps toward the creation of a world federal government; and

"Whereas several nations have recently adopted constitutional provisions to facilitate their entry into a world federal government by authorizing a delegation to such a world federal government of a portion of their sovereignty sufficient to endow it with powers adequate to prevent war: Now, therefore, be it

"Resolved by the Legislature of the State of Florida, That application is hereby made to the Congress of the United States, pursuant to article V of the Constitution of the United States, to call a convention for the sole purpose of proposing amendment to the Constitution to enable the participation of the United States in a world federal government, open to all nations, with powers which, while defined and limited, shall be adequate to preserve peace, whether the proposed charter or constitution of such world federal government be presented in the form of amendments to the Charter of the United Nations, or by a world constitutional convention.

"Resolved, That the secretary of the State of Florida is hereby directed to transmit copies of this application to the Senate and the House of Representatives of the Congress, to the Members of the said Senate and the House of Representatives from this State, and to the presiding officers of each of the legislatures in the several States, requesting their cooperation; be it further

"Resolved, That certified copies of the foregoing preamble and memorial be immediately forwarded by the secretary of state of the State of Florida, under the great seal, to the President of the United States, the President of the Senate of the United States, and the Speaker of the House of Representatives of the United States.

"Approved by the Governor May 16, 1949."

To the Committee on Expenditures in the Executive Departments:

"Senate Memorial 614

"Memorial recommending to the Congress of the United States of America the carrying into effect of the administrative recommendations of the Hoover Commission

"To the Honorable Senate and the House of Representatives of the United States of America, in Congress assembled:

"We, your memorialists, the legislative assembly of the State of Florida convened in regular session, respectfully represent that—

"Whereas during the last generation the enormous expenses of Federal governmental activities has created a condition of confusion and overlapping in the divisions of the administrative authority which has placed upon the President of these United States an ever-increasing burden and has resulted in increased costs and inefficient administration; and

"Whereas pursuant to Public Law 162, enacted by the Eightieth Congress, there was created a commission known as the Hoover Commission on Organization of the Executive Branch of the Government, which Public Law was on July 7, 1947, approved by the President of the United States, Harry S. Truman; and

"Whereas pursuant to said Public Law 162, there was appointed a bipartisan group of representative and distinguished citizens of our country who had had experience in governmental affairs, which group made an exhaustive and unbiased examination into the administration of the agencies of the Federal Government; and

"Whereas the said commission has filed a detailed report of its findings and its conclusions therefrom together with its recommendations covering the matter; and

"Whereas it appears to your memorialists that the said findings, conclusions, and recommendations constitute a cohesive and efficient program which will be of great benefit to the peoples of these United States: Now, therefore, be it

"Resolved by the Senate of the State of Florida (the house of representatives concurring therein), That the Congress of the United States be and it hereby is petitioned and requested by your memorialists to give due and favorable consideration to the recommendations of the Hoover Commission to the end that the said recommendations may be adopted by the Congress of these United States and the President of the United States be directed thereby to effectuate the provisions of such recommendations; and be it further

"Resolved, That the secretary of state of the State of Florida be, and he hereby is directed to transmit copies of this memorial to the President and clerk of the United States Senate, to the Speaker and Chief Clerk of the House of Representatives of the United States, and to each member of the Florida delegation in the Congress of the United States."

GAS AND OIL RESERVES—RESOLUTION OF INTERSTATE OIL COMPACT COMMISSION, JACKSONVILLE, FLA.

Mr. PEPPER. Mr. President, I present for appropriate reference a resolution adopted by the Interstate Oil Compact Commission, in meeting assembled at Jacksonville, Fla., May 11, 1949, pertaining to the subject of gas and oil reserves, and I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

Whereas there is pending in the Congress of the United States H. R. 79 and H. R. 1758 and S. 1498 for the purpose of amending the Natural Gas Act of 1938 to clarify the confusion existing in the Federal Power Commission, the State oil and gas regulatory bodies and the oil and gas industry with respect to the jurisdiction of the Federal Power Commission over the production, gathering, and field sales of gas, and after due consideration the Interstate Oil Compact Commission finds that—

1. It is the objective of each of said measures to make definite and certain that the the jurisdiction of the Federal Power Commission does not extend to the production and gathering of natural gas or the facilities used in connection therewith or the sales of natural gas by a producer or gatherer at arm's length to "a natural gas company."

2. In August 1947 the Federal Power Commission issued its order No. 139 disclaiming regulatory jurisdiction over production and gathering of natural gas or the facilities used in connection therewith or the sales made by a producer or gatherer at arm's length to "a natural gas company."

3. The State oil and gas regulatory bodies having jurisdiction over production and gathering of oil and gas and the enforcement of the oil and gas conservation laws in their

respective States and the oil and gas industry have relied upon order No. 139.

4. It has come to the attention of the Interstate Oil Compact Commission that it is now the firm opinion of a majority of the members of the Federal Power Commission that order No. 139 was issued on a wrong legal premise and is, therefore, void and of no force or effect; but on the contrary, it has regulatory authority to control and fix the price of natural gas sold at arm's length by producers and gatherers to "a natural gas company" which is thereafter moved in interstate commerce.

5. The exercise of such jurisdiction by the Federal Power Commission would supersede and destroy the jurisdiction of the State regulatory bodies.

6. The Interstate Oil Compact Commission deems the exercise of such jurisdiction an invasion of the exclusive and retained right of the States to enact and enforce local regulatory laws with regard to purely intrastate operations.

7. The continued vigorous and effective enforcement of the State oil and gas conservation laws is necessary to the end that in the public interest the irreplaceable natural resources of oil and gas may be produced in such manner as to obtain the greatest ultimate recovery.

8. The regulation of oil and gas producers by the Federal Power Commission on a utility basis would make it impossible for the oil and gas industry to obtain the necessary venture capital to continue its search for new reserves.

9. Any cessation of the continued vigorous exploration for new oil and gas reserves would adversely affect the public interest by reducing the supply of natural gas and petroleum products available for public consumption and increase the price of natural gas and petroleum products to consumers.

10. The competitive price of natural gas in the field is controlled by the factors of supply and demand and has always been such as to produce a plentiful supply of natural gas for public consumption at prices less than the competitive prices of any other fuel.

11. The present known reserves of natural gas are sufficient to supply the public demand for any foreseeable period as the result of the wise enactment and effective enforcement of the State regulatory laws.

12. At the time of the enactment of the Natural Gas Act of 1938 it was the declared legislative intent that the jurisidiction of the Federal Power Commission was limited to the transportation of natural gas in interstate commerce and the subsequent sale thereof for resale for ultimate public consumption and that it did not extend to the production and gathering of natural gas or the facilities used in connection therewith or the arm's length sales thereof by local producers or gatherers. Any extension of the jurisdiction of the Commission in these respects will be contrary to the clear intent of Congress as expressed when the Natural Gas Act of 1938 was enacted: Now, therefore, be it

Resolved, That the Interstate Oil Compact Commission, in meeting assembled at Jacksonville, Fla., on the 11th day of May 1949, request the Congress of the United States to enact legislation carrying out the purpose of H. R. 79, H. R. 1758, and S. 1498, in order that it may be made certain that the jurisdiction of the Federal Power Commission does not extend to or include the production and gathering of natural gas or the facilities used in connection therewith or the arm's length sales of gas made by a producer and gatherer to a natural gas company. Enactment of such legislation is in the public interest. The failure to enact such legislation will adversely affect the public interest in the consuming States as well as the oil and gas producing States; be it further

Resolved, That the chairman of the Interstate Oil Compact Commission is directed to cause a copy of this resolution to be presented to the appropriate legislative committees of the United States Congress.

TELEPHONE AND TELEGRAPH SERVICE AND CLERK HIRE FOR MEMBERS OF HOUSE

Mr. HAYDEN. Mr. President, from the Committee on Rules and Administration, I report favorably with amendments the bill (H. R. 4583) relating to telephone and telegraph service and clerk hire for Members of the House of Representatives, and I ask unanimous consent for its immediate consideration. The amendments were suggested by Members of the House of Representatives.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the bill.

The amendments of the Committee on Rules and Administration were, on page 1, line 8, before the word "Charges", to insert "Toll"; and in line 10, before the word "originating" to insert "on toll charges on strictly official business."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BESSIE MAE HILL

Mr. HAYDEN. Mr. President, from the Committee on Rules and Administration, I report an original resolution, and ask unanimous consent for its present consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The resolution was read as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Bessie Mae Hill, widow of Edwin H. Hill, late an employee of the Senate, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 122) was considered and agreed to.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BREWSTER:

S. 1968. A bill to provide for nautical education in the Territories, to facilitate nautical education in the States and Territories, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FLANDERS (for himself and Mr. IVES):

S. 1969. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Finance.

(Mr. FLANDERS (for himself and Mr. IVES) also introduced Senate bill 1970, to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes, which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

By Mr. THOMAS of Oklahoma:

S. 1971. A bill to stabilize farm income and farm prices of agricultural commodities; to provide an adequate, balanced, and orderly flow of agricultural commodities in interstate and foreign commerce; and for other purposes; to the Committee on Agriculture and Forestry.

(Mr. WILEY introduced Senate bill 1972, to amend the Servicemen's Readjustment Act of 1944 to extend the period during which readjustment allowances may be paid, which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

(Mr. McFARLAND introduced Senate bill 1973, to further amend the Communications Act of 1934, which was referred to the Committee on Interstate and Foreign Commerce, and appears under a separate heading.)

(Mr. O'MAHONEY introduced Senate bill 1974, to define the application of the Federal Trade Commission Act and the Clayton Act to certain pricing practices, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

THE NATIONAL HEALTH PROGRAM

Mr. FLANDERS. Mr. President, on behalf of the Senator from New York [Mr. IVES] and myself I introduce for appropriate reference a bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes, and I ask unanimous consent to have printed at this point in the RECORD a résumé and explanation of the bill, together with a statement by Senator IVES and myself.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the résumé and explanation and the statement will be printed in the RECORD.

The bill (S. 1970) to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes, introduced by Mr. FLANDERS (for himself and Mr. IVES), was read twice by its title, and referred to the Committee on Labor and Public Welfare.

The résumé and explanation and statement are as follows:

THE NATIONAL HEALTH ACT

RÉSUMÉ AND EXPLANATION

This national health bill has a threefold objective:

1. To make it possible, through voluntary prepayment plans, for everybody in the United States, of whatever income, to obtain adequate health care to the fullest extent that medical resources permit.

2. To see that the quantity of health service is expanded and its quality raised throughout the Nation by progressively eliminating shortages in our medical resources.

3. To do these things in such a way as to foster constructive freedom of action, and the responsibility that goes with it, on the part of both patients and doctors, individuals and associations, communities and States.

MAIN PROVISIONS

Basic in the bill's program will be voluntary prepayment plans. Their subscription charges would be scaled to their subscribers' incomes, rather than flat-rate premiums. Mixed Federal-State funds would make up any difference between the aggregate of subscribers' payments and the cost of furnishing health service benefits.

The bill would also provide: (a) Special Federal help in areas where the shortage of health resources is particularly acute, to attract personnel, and maintain modern facilities; (b) increased Federal aid to communities throughout the country for building hospitals and health centers; (c) Federal grants to medical and nursing schools; and (d) additional Federal aid to the States for expanding their local public health services.

Finally, the bill sets up machinery for constantly appraising the health needs of the Nation and for developing a national health program which would be periodically revised to keep pace with the growth in medical resources.

BASIC PRINCIPLES

This bill does not bring about socialized medicine; on the contrary, it very greatly encourages the development of private efforts, which actually pace the program.

It invokes no means test; on the contrary, it offers to everybody, poor or well-to-do, the right to obtain the same services as everyone else, at a cost scaled to his means.

The bill reflects the belief of its sponsors that great social needs can be met without falling into the errors of state socialism, and that needed services can be given at needed cost to our people without disrupting—but on the contrary, encouraging—the development of private initiative and enterprise.

The sponsors do not consider this bill necessarily the answer for all time to the health problem. For this reason they have provided the means for constant readjustment of the program on a rational basis. But they do consider the bill realistically designed to bring within everybody's reach all the care that the Nation's medical facilities can provide—and to assure the rapid development of enough facilities to include everybody, in every income group, who wants to use them. It thus places itself squarely in the American tradition of more and better services in response to voluntary demand.

HOW IT WORKS

The key to the program is the local, voluntary prepayment health service plan. Many such plans already exist—Blue Cross, Blue Shield, innumerable group health plans, industry plans, labor union plans, welfare funds, cooperatives, and so forth. Over 35,000,000 people are already enrolled in these plans.

The chief advantages of all such plans are: (1) that by spreading the risks among a large number of persons they enable their subscribers to protect themselves, at a moderate cost, against ruinous personal losses, and (2) being organized and operated privately, without governmental management, they can reflect accurately the desires and needs of their members. Their chief disadvantage is that the flat-rate premiums which most of the plans must now carry are beyond the means of millions of otherwise self-supporting people. This is especially the case when doctor's services in the home and office and preventive medical care, as well as hospital services, are included. Premiums for such coverage may run from $100 to $150 per family, far too much for incomes in the lower brackets. As a result, only a few of the voluntary plans at present cover more than hospitalization and surgical care, a fragment of the health services people need.

This legislation contemplates hundreds of such nonprofit voluntary plans, each locally organized and operated. It will use existing plans, enable them to expand, and open the way for new plans throughout the country.

Fundamental to the program is the requirement that these voluntary plans base the rate of payment by subscribers upon a percentage of the subscriber's income (up to $5,000). This provision will necessitate changing the method of charging practiced by most plans at present in existence. It is, however, essential for the purpose of opening voluntary plans to everyone by bringing in public aid for people of limited income without a means test.

In order to participate in the program, a State would set up a State health council. This council would divide the State into several regions, many of which have already been set up under the Federal Hospital Construction Act. Each region would be managed by a health region authority, made up of local people. On this authority and on the State health council there would be no practicing doctors, dentists, or others who provide health services, since they represent groups with a direct financial interest in the public's contributions, but each authority and council would have medical and other advisory committees.

The bill sets up a national yardstick in the form of a comprehensive range of benefits, which it defines in detail and which includes the most vital health services. It further states that the subscription charge for this particular coverage cannot be less than 3 percent of the subscriber's income up to $5,000. The first duty of each health region authority is to estimate the normal cost in that region of supplying the national yardstick coverage.

Any plan operating in that region which provides the yardstick range of benefits will receive from the State (with Federal participation) the difference between its subscribers' payments and the estimated normal cost of the coverage.

A plan may offer a coverage less comprehensive than the national yardstick coverage, in which case it would charge proportionately less to its subscribers, and any public contribution would be based on a proportionately lower allowed cost. Or a plan may provide a still more comprehensive coverage, in which case it must charge proportionately more and would have a proportionately higher allowed cost.

The maximum coverage a plan may offer under the bill's program will be fixed by the State health council. This maximum will be based on how much medical service can be provided in each of the State's regions by existing or reasonably obtainable personnel and facilities. The State may amend the maximum each year in the light of experience and in line with the growth of its medical resources.

HOW IT APPLIES

Let us suppose that a plan provides the yardstick coverage, for which it charges 3 percent of each subscriber's income. This would cover the subscriber and any dependents.

A subscriber with an income of $1,500 would pay $3.75 a month; one with $2,500 would pay $6.25 a month; and one with $3,800 would pay $9.50 a month. They would all get the same services, the deficit created by the lower incomes being made up by the State-Federal aid. Thus, if the annual cost allowed to the plan by the regional authority were $114 per family (which would be about the estimated average for the Nation), and if the average family in the plan paid $75 a year, then the State-Federal aid would contribute $38 per family to cover the deficit to that plan.

On the basis of these figures it is apparent that a $3,800 family would be paying its full cost. Smaller incomes would be subsidized, partly by the higher-income people who join the plan and partly out of public funds. Partial subsidization of the low-income groups by the higher ones is what happens now, in a rough and unsatisfactory way, through the scaling of charges by the doctors and the hospitals.

The minimum that anyone can pay to participate in a plan is $6 a year. In the case of unemployed persons or public wards this may be paid by the State, for whatever plan the individual chooses. On the other hand, the highest income used for figuring subscription rates is $5,000. Persons with larger incomes may join the plans, and will undoubtedly choose to do so; but many plans will probably provide that such people would be paid fixed sums (called "indemnity benefits") rather than being covered for the complete cost of their care (called "service benefits").

FREEDOM IS PRESERVED

Whether a family decides to come into the most complete plan set up under the State's program in its community, or into a cheaper and less complete plan, or stay out of all of them, is left to its own free choice. Whether a subscriber's employer pays all or part or none of the subscription charge, is for the employer and employee to work out together. Whether a subscriber's contribution is deducted from his pay is also subject to free arrangement. In the case of State and Federal employees, the bill provides that this may be done.

Like their patients, the Nation's doctors are free to come into any plan that will accept them, or to stay out of all of them. No more than at present will they be forced to accept any patients. Their inducement to it lies in the fact that the services that they now supply free to those who cannot pay their own way, will be fully paid for by the plans, whose members may be these same persons hitherto dependent on medical charity. They will be free to join any sort of plan, including group-practice plans, which will be fostered by the bill. Doctors may take part in the formation of a plan but may not control it.

Hospitals likewise may contract to supply their services to any plan that needs them, or they may stay out. The same inducements apply to them as to the doctors. In supporting the Blue Cross, the country's hospitals have already demonstrated their willingness to take part in prepayment plans.

The advantages of the program will be inducement enough, and no individual or group, consumer, doctor, or hospital, will be compelled to join. The powers and duties of government, local, State, and Federal, will be held to the minimum. At every level there will be ample freedom for that creative initiative which alone can translate our American aspirations into reality.

FEDERAL AID

The basic formula for Federal aid under this bill follows the lines of the Hospital Construction Act. Federal aid will be granted a State in inverse proportion to its per capita income. States having the lowest per capital income will receive Federal aid at a ratio of three Federal dollars for every State dollar devoted to the program; those with the highest per capita income will get one Federal dollar for two State dollars. The average for the Nation will be a little more than 50 percent Federal aid. The ceiling for Federal aid to any given State will be $15 a year for each person covered.

A State will begin to receive its Federal contribution as soon as it has passed the appropriate legislation and as soon as the machinery is in operation.

In the sometimes difficult matter of raising money to start a qualified nonprofit plan, the Federal Government will also help the States to help the organizers. Whatever amount the sponsors of a plan can raise, either by free contribution or in the form

of non-interest-bearing loans, will be matched by mixed Federal and State money as interest-free loans.

A separate bill is being filed by the sponsors of this legislation which would make subscription charges deductible from taxable income.

The bill further provides for a revolving construction-loan fund of $10,000,000 of Federal money. Without requiring any State participation, this sum will be loaned to cooperating prepayment plans for the special purpose of building and equipping small local medical centers for the group practice of medicine. This sum would provide for the setting up of about 125 new health centers at one time, with no burden on the States.

By these means the establishment of a widespread, diverse system of voluntary plans will be fostered, including those that use group practice. In the long run those plans which supply the best and most extensive medical care for the subscribers, and at the same time obtain the most effective cooperation of the medical professions and the hospitals, will most rapidly spread their influence and increase the number of their subscribers. The mainspring of the program will be competition between the plans in the quality and extent of their services, with free opportunity and incentive to develop evermore effective means of distributing high-quality medical care.

EXPANSION OF MEDICAL RESOURCES

The accelerated development of prepayment plans, and the increased effective demand for medical services which would result from the enactment of this bill, must be matched by a steadily increasing number of well-trained doctors and nurses. The bill therefore provides special help for medical and nursing education, the cost to the Federal Government ranging from about $25,000,000 in the first year to about $40,000,000 in 1953. Federal aid is provided also for the construction and equipping of additional or new medical-school facilities, the Federal funds to match money from other sources.

The development of prepayment plans also makes it necessary to accelerate new construction of diagnostic and personal health service centers as well as hospitals. For this reason the bill offers amendments to the Hospital Construction Act, adding $100,000,000 a year to the present appropriation of $75,000,000 to be mixed State by State with funds from any other source according to the formula already described. Diagnostic and health service centers may share in this Federal aid.

The improvement of personal medical care throughout the country does not diminish the need for improved local public health services. This bill therefore provides for the extension of the established program of Federal aid to the States and local communities for the employment of public health officers and other personnel, and for the extension of basic community health services throughout the Nation. This is universally recognized as an integral part of a sound national health program.

Finally, the bill provides Federal aid (in the same proportion to State aid as in the case of prepayment plans) for programs in areas of special need. Such an area is defined as one in which there are no more than 8 doctors per 10,000 of population. Here it is proposed, with mixed Federal and State funds, to provide immediately the financial incentives and guaranties required to attract to these areas doctors, dentists, and nurses, and to provide the traveling clinics they so sorely need. Such funds will also be used to cover the initial deficits of hospitals, health centers, and diagnostic centers set up in these areas with the help of grants provided for under the Hospital Construction Act, as amended by this bill. This special program is of a largely temporary nature to fill the gap existing before the voluntary prepayment plans can develop so as to take up the burden. At a later stage Federal and State aid will flow into these areas through the normal channels described above.

STUDY AND PLANNING COMMISSION

The sponsors of this bill believe that the program of action described in the preceding paragraphs represents the most that the Federal Government should now undertake in new forms of assistance in the field of health. There remains, however, much more to be done. For the purpose of determining precisely what the Nation's health needs are, and how best to mobilize our resources to meet them, the bill sets in motion immediately a grass-roots inventory of health conditions, health resources, and all aspects of medical research, recruitment, and training of health personnel. For this purpose it establishes a bipartisan commission to be appointed jointly by Congress and the President, to direct, supervise, and coordinate a continuing study conducted locally.

This Commission is to report to Congress within 2 years on their findings with respect to the most pressing problems, such as the financial condition of the country's hospitals, the recruitment and training of health personnel, the provision of care for the chronic diseases (heart disease, cancer, multiple sclerosis, cerebral palsy, poliomyelitis and other crippling diseases of children, etc.), and the provision of dental care.

Within 4 years the Commission is instructed to report its findings and to formulate a 20-year national health program. In formulating this plan the Commission is to take into account the recommendations of the cooperating local and national organizations. Thereafter the Commission will report every 2 years, at each such interval pushing ahead the 20-year plan by 2 years.

The survey is to be financed by the Federal Government at an annual cost of $5,000,000.

COSTS AND GROWTH

In all its parts, this bill assigns the Federal Government the role of assisting local and State undertakings. The bill, in effect, says to the families of America and to their local and State governments, "The National Government offers to back up what you undertake. The scale of Federal aid depends on the scale of your enterprise." Thus, what these programs will mean in terms of Federal appropriations each year will be determined mainly by the scale of the voluntary response the Government's offer gets.

Assuming maximum voluntary response, the bill may be expected to call on Federal revenues for $300,000,000 the first year, and for a possible $850,000,000 4 years hence.

The largest potential expenditure is aid to the prepayment plans. By 1953, the Federal share in that program could reach $500,000,000 a year. This would represent a little more than half of needed public support for these plans. Subscriber's payments should provide between 60 and 85 percent of the plans' costs, depending on the income level of the particular community.

The Federal contribution to the "special need areas" can be expected to rise to a peak of conceivably $150,000,000 by 1952 and therafter level off at between $75,000,000 and $100,000,000 a year until prepayment plans blanket these areas.

The help offered to medical and nursing schools will probably range from $25,000,000 to $40,000,000 a year from fiscal 1949–50 to 1952–53, respectively. Construction grants to the schools over those 4 years may total $120,000,000, or $30,000,000 a year.

Hospital construction is not likely to take less that $175,000,000 a year proposed. This is $100,000,000 a year more than is provided by the existing law, under which a large backlog of much needed hospital facilities has built up.

The local public-health units program will probably rise to $30,000,000 by 1952–53 from $15,000,000 in 1949–50.

Comprehensive health study and planning will take $5,000,000 a year.

This added Federal expenditure will represent growth the length and breadth of this country in effective health services. It will also represent additional expenditures by States and local communities which have to spend their money in order to get the Federal money. Indeed, individuals have to decide to spend their money before the Federal or State governments become committed to provide any funds whatever.

BRIEF COMPARISON WITH HILL, TAFT, AND THOMAS BILLS (S. 1465, S. 1581, AND S. 1679)

In principle this approach to health insurance is similar to that of the Hill bill, but with several important differences. One is that the Hill bill in effect requires those who need help in paying for voluntary prepayment plans to pass an individual means test, while this bill gives everyone the automatic right to join a prepayment plan at a charge that he can afford. On this point, the Taft bill is less explicit but just as clearly contemplates the use of a means test.

Under the Hill bill public aid would go only to prepayment plans offering no more than in-hospital care and the out-patient services of hospitals and diagnostic centers. This bill leaves the scope of services for which public funds may be used solely to the discretion of the States and their health regions. From the beginning people in many communities will secure far broader benefits, such as home care and preventive services of doctors, where the community is equipped to supply them.

Both the Hill and Taft bills fail to provide for the free organization of prepayment plans within the States. At present in 22 States the organization of such plans is effectively restricted to medical societies. In contrast our bill provides positively for State enabling acts which would permit the free organization of prepayment plans.

The Taft bill concentrates all attention on those unable to pay the whole cost of care and requires the States to develop programs that would assure such persons all needed services within a period of 5 years. This requirement, we feel, is totally unrealistic in the light of the proposed maximum appropriation of $300,000,000, which, added to State funds, would provide no more than $600,000,000 a year of public funds for this purpose. In our judgment it would take five times as much money and more than 10 years' time to reach the Taft bill's goal.

On this score, the Thomas bill is equally unrealistic. Starting in July 1951, it would impose a pay-roll tax of 3 percent on the employed and an income tax of 2¼ percent on the self-employed, for which there would be given as broad a range of services as the Federal Government believed could be supplied in the various States. But while theoretically only services that could be provided would be promised, the payment of so substantial a tax would necessarily confer on the taxpayer a right to demand comprehensive care. This insistent demand would force a burden on hospitals, doctors, and auxiliary personnel that they could not possibly carry. The result would be grossly inadequate service and an irresistible demand for direct Federal control. In contrast, this bill links the extension of prepaid services with the local capacity to supply service. There is no element in this bill that will force or encourage public authorities or prepayment plans to issue contracts that cannot in fact be fulfilled.

The Hill, Taft, and Thomas bills all provide for surveys or studies of various elements of the health field. This bill seeks to unite all these partial studies and many others into a single coordinated whole, looking toward the formulation of a national long-range program. There have been too many fragmentary studies and plans. It is time for the health problem to be treated as a single problem, one of the biggest and most basic problems the Nation faces today.

The goal of this bill is the most efficient production and distribution of medical care for the benefit of all the American people. We propose means for moving immediately toward that part of the goal which is realizable with present resources and those that can be developed soon. The survey is intended to amend the means if necessary, to develop further means, to state the further goal of covering all the health needs of the American people, and to work out the means of achieving that ultimate goal.

OUTLINE OF NATIONAL HEALTH ACT, 1949

The proposed National Health Act, 1949, is developed within the framework of the Public Health Service Act (a) adding a new title VII—which provides an immediate health and medical service program, (b) adding a new title VIII—which provides for a long-range survey of national health needs, (c) amending existing provisions of title VI—relating to hospital construction, (d) adding a new provision to title III, regarding local public-health units.

A. The core of the title VII immediate program is part C, providing assistance to voluntary, nonprofit, prepayment health-service plans. These are the salient features:

1. Individuals will obtain medical care for themselves and their families by belonging to and obtaining a kind of health insurance contract through cooperating prepayment health service plans (which are to be nonprofit organizations like the Blue Cross). (721 (b).)

2. These plans must base their subscription charges upon a percentage of the subscriber's net income up to $5,000. The minimum subscription charge is $6 per year. (723 (n).) The health region authority—a public body appointed by the Governor—determines to what extent the plans must accept nongroup applicants. Within those limits individual applications must be accepted on a first-come, first-served basis, except that no more than 25 percent of the beneficiaries may reside outside the State. (721 (c).)

3. The minimum subscription charges will depend upon the benefits provided by the plan. Section 723 (l) sets forth a yardstick of services and benefits, which include home care, diagnostic and preventive services, and hospital treatment. For this yardstick, the minimum charge is 3 percent of the subscriber's income. (723 (n).) If a plan offers greater, or less, benefits than the norm, the minimum subscription charge is adjusted accordingly. (723 (m), (n).) A plan may offer more than one contract.

4. However, it is for the State health council to determine, upon the basis of available personnel and facilities, the maximum range of services and benefits which may be offered by the plans under the program in that State. (723 (i).)

5. The health region authority will calculate an allowed cost, which is its estimate of the normal cost of furnishing the benefits under each approved contract. (723 (m).) The State program will assure each plan that it will recover this allowed cost, and in the event that subscription income is inadequate—whether due to the low income of the subscribers, or their greater health needs—the State will pay the difference. (723 (o).) An adjustment procedure is provided for plans with adverse selection factors—e. g. where a disproportionate number of the subscribers are aged. (723 (o).)

6. The States may make noninterest loans to assist in the initial establishment of the prepayment plans. (723 (y).)

7. The States may make special grants for special-need areas—defined in 721 (i) as regions with not more than 8 doctors per 10,000 population—in order to assure the personnel and facilities needed to furnish the services set forth in 723 (l). (724.)

8. As to all these sums paid by the State, the Federal Government will reimburse the State up to its Federal percentage of the sum paid. The Federal percentage increases as the State's per capita income decreases, but never falls below 33⅓ percent or exceeds 75 percent, subject to the qualification that, as to sums paid by the States to participating health-service plans to meet their costs, in no event can the Federal reimbursement to the State exceed $15 yearly per beneficiary covered by such plans. (725.)

B. Title VII, part D, appropriates $10,000,000, so that the Surgeon General may make 4-percent loans to prepayment health-service plans to cover up to 80 percent of the cost of personal health-service centers to provide health services to the subscribers and beneficiaries as ambulatory patients.

C. Title VII, part E: To alleviate the shortage of doctors and nurses the bill provides:

1. Payments to medical schools of $500 for each enrolled student, plus an additional $1,000 for each enrolled student in excess of average past enrollment. Comparable provisions are provided for nursing schools (sec. 743).

2. The Surgeon General may grant up to 50 percent of the costs of construction and equipment of new medical or nursing schools or expansions (sec. 744).

D. Title VIII: Establishes a bipartisan Federal Health Study and Planning Commission—four members appointed by the President; four by the President pro tempore of the Senate; four by the Speaker—in each case at least two from private life (sec. 802).

This Commission is to conduct continuing studies of health-service needs—obtaining data as to supply and education of qualified personnel; as to health care received within the various regions; as to status of research, health education, hospitals, and health centers, etc. The Commission is directed, so far as practicable, to avoid making its own studies but to develop the basic data through contracts with public bodies established by the States, and with public and private nonprofit organizations (sec. 805).

The Commission is directed to formulate a 20-year health plan to improve the Nation's health services. This plan is to be submitted to the President and the Congress by January 15, 1953, and is to be revised every 2 years. The Commission is also directed to make interim reports on certain urgent problems.

For these purposes, up to $5,000,000 per annum is authorized for appropriation.

E. Title VI of the Public Health Service Act: Hospital-construction program is amended in certain respects:

1. To permit State grants and Federal contributions for construction of diagnostic centers, and personal health-service centers, serving ambulatory patients—as well as hospitals and public-health centers (sec. 631).

2. Increases appropriation from $75,000,000 to $175,000,000 per annum, and increases Federal contribution to construction projects from a flat 33⅓ percent to the State's Federal percentage (which varies from 33⅓ percent to 75 percent) (secs. 621, 624, 625).

3. Provides $2,500,000 per annum for demonstrations to improve the efficiency and utilization of hospitals and health personnel.

F. Title III is added to by inserting section 315, relating to local public-health units. If a State provides a plan for extending the coverage and services of local public-health units, it is entitled to receive a percentage of the cost of the plan, the percentage varying inversely with the State's per capita income but not exceeding 66⅔ percent.

STATEMENT OF SENATOR FLANDERS AND SENATOR IVES

We are sponsoring this National Health Act because we feel it is a broad comprehensive program designed to meet the health needs of our Nation in a manner consistent with our traditions of freedom.

This bill is diametrically different from the compulsory health insurance bill offered by the administration. Unlike the plan of that measure, this program would be a voluntary one.

It would place and preserve primary responsibility for the development of adequate health services in the States and local communities where the needs are most accurately known and best can be met, rather than at the remote Federal level.

Utilizing existing private organizations and providing adequate incentives for additional facilities of this nature as they may be needed, our bill provides an over-all attack on the health problems of the Nation in terms of present services available and anticipates an increasing program as medical facilities are developed.

This pattern of medical service for our people is designed to give the maximum in assistance, without regard to an individual's income, and with the minimum of Government direction, control, and centralization. The financial relationship between the doctor and hospital and patient will be, not through Government as in the administration's proposal, but through local voluntary health plans.

In the light of prevailing economic conditions in our Nation and throughout the world, it may be found that the entire program presented in the bill, cannot, prudently, be adopted immediately. Should this be the case, we especially urge the passage of those portions of the bill which authorize an immediate survey of the Nation's health needs, to the end that steps may be taken to provide medical facilities more nearly adequate in all sections of the country. As economic conditions warrant, the program should be stepped up proportionately.

EXTENSION OF GI READJUSTMENT ALLOWANCES

Mr. WILEY. Mr. President, I introduce for appropriate reference a bill to extend the readjustment allowance provision of the GI bill of rights for an additional 2 years beyond the July 25, 1949 deadline, and

I ask unanimous consent that the text of a statement which I have prepared on the bill be printed at this point in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the statement presented by the Senator from Wisconsin will be printed in the RECORD.

The bill (S. 1972) to amend the Servicemen's Readjustment Act of 1944 to extend the period during which readjustment allowances may be paid, introduced by Mr. WILEY, was read twice by its title, and referred to the Committee on Labor and Public Welfare.

The statement presented by Mr. WILEY is as follows:

STATEMENT BY SENATOR WILEY ON INTRODUCTION OF BILL TO EXTEND GI READJUSTMENT ALLOWANCES FOR 2 YEARS

AN ANSWER TO SMEAR CHARGES AGAINST VETERANS

I am introducing today in the Senate a bill for amendment of the provisions of the GI bill of rights. My bill simply amends

the present law by extending title VII's deadline from July 25, 1949, to July 25, 1951. The reason for the extension is obvious. When the Congress enacted the GI bill of rights it inserted the present deadline of allowances (for unemployed and self-employed veterans) on the assumption that the 4 years immediately following the end of hostilities would involve the most serious readjustment problems for our ex-servicemen—problems both economic and psychological.

GREATEST NEED HAS ONLY JUST BEGUN

Those 4 years are passed, but the greatest unemployment crisis has only just begun. To allow the readjustment allowance provision to lapse after July 25, 1949, would be a sham and a farce. Our veterans who are having difficulty in finding jobs now and in keeping their little businesses going would feel betrayed. These allowances must therefore be continued for unemployed veterans and self-employed veterans (earning less than $100 a month). Only a tiny percentage of our veterans has thus far benefited from this provision of the GI law.

WE ARE HOPING ALLOWANCES WILL NOT BE USED

Now, I want it understood that those Members of Congress such as myself who want this title 7 extended are hoping, praying, that it will not, in fact, be utilized to an appreciable extent. We certainly do not want conditions to be such that our veterans will find it necessary to receive Government aid for 52 weeks. We hope that there will be sufficient jobs and sufficient prosperity in self-employed veterans' businesses so that these allowances will not be necessary. However, it is only fair that we take precautions so that, if perhaps, sufficient jobs are not available, our veterans will not be left out in the cold. That does not, of course, mean that we in the Congress are simply going to forget the job matter. On the contrary, we will be working harder than ever before in order to make sure that the Nation's employment and prosperity remains at the highest possible level.

Only a tiny percentage of our ex-servicemen has abused any of the provisions of the GI bill of rights at all. The number of veterans who have misused the readjustment allowance privilege is so small in relation to the total number of ex-servicemen as to be completely insignificant.

SLURS, INSULTS, AND SMEARS OF VETS

But to hear some people talk, one would think that all our 18,000,000 veterans were "loafers" and "leaners" who simply want to receive Government checks. Such talk is an insult, a slur and a miserable smear on the good name of America's veterans—who ask no more than a fair break.

SUPPORT OF EXTENSION IDEA

The American Legion executive committee has endorsed the 2-year extension of this provision, and its action is supported by indications which I have received from other veterans' organizations, from county veterans' service officers, from unions and other groups.

WE DON'T WANT INDEFINITE EXTENSION

The American Legion rightly indicated, and I am glad to indicate, that it is not our intention to extend the readjustment allowance title indefinitely. An indefinite extension would be contrary to the whole principle of this provision. Allowances are designed for readjustment in the postwar period only, and not for perpetual maladjustment.

I hope that the loose talk about our veterans will be ended, because I feel that it is unfair to the men who have indicated by their deeds, not merely their words, that they are our finest citizens—the cream of our youth in every respect. I am hoping that the House Veterans' Affairs Committee, the companion Senate group, and both Chambers will act promptly on this extension legislation, so that there will be no lapse of the benefits.

Our veterans (who lost years from their normal lives and trades) are the first to suffer in a recession, the first to lose jobs because of their comparative lack of experience, the first to lose their businesses. We must afford them reasonable protection. We must not permit discrimination against veterans who will be losing jobs now and who will need the allowances now, and did not utilize the allowance feature before this, whereas some of their buddies did.

PROPOSED REPEAL OF TAFT-HARTLEY LABOR LAW—AMENDMENTS

Mr. THOMAS of Utah submitted amendments intended to be proposed by him to the bill (S. 249) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, and for other purposes, which were ordered to lie on the table and to be printed.

REDEFINITION OF REQUEST FOR RELIEF RELATING TO WAR CONTRACTORS—AMENDMENTS

Mr. LUCAS and Mr. DOWNEY each submitted amendments intended to be proposed by them, respectively, to the bill (H. R. 3436) to amend section 3 of the Lucas Act with respect to redefinition of request for relief, relating to war contractors, which were referred to the Committee on the Judiciary, and ordered to be printed.

MULTIPLE SCLEROSIS AND RELATED NEUROLOGICAL DISEASES—AMENDMENT

Mr. TOBEY (for himself and Mr. O'MAHONEY) submitted an amendment in the nature of a substitute, intended to be proposed by them, jointly, to the bill (S. 102) to amend the Public Health Service Act to provide for research and investigation with respect to the cause, prevention, and treatment of multiple sclerosis and related neurological diseases, and for other purposes, which was referred to the Committee on Labor and Public Welfare, and ordered to be printed.

ADDRESS BY SENATOR VANDENBERG BEFORE INTER-AMERICAN BAR ASSOCIATION

[Mr. VANDENBERG asked and obtained leave to have printed in the RECORD the address delivered by him before the Inter-American Bar Association, at Ann Arbor, Mich., on May 28, 1949, which appears in the Appendix.]

ADDRESS BY SENATOR MAGNUSON AT CEREMONIES AT GRAND COULEE DAM

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD the address delivered by him at ceremonies at the Grand Coulee Dam, which appears in the Appendix.]

ADDRESS BY SENATOR HUMPHREY BEFORE INDIA LEAGUE OF AMERICA

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD the address delivered by him before the India League of America at a dinner for Madam Pandit, Ambassador of India, at New York City on May 24, 1949, which appears in the Appendix.]

DEMOCRACY'S CHALLENGE—ADDRESSES AT DEDICATION OF MEMORIAL STADIUM, HARRISONBURG, VA.

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD introductory remarks made by him and the address delivered by the Honorable Gordon Gray, Acting Secretary of the Army, at the dedication of the memorial stadium at Harrisonburg, Va., on May 29, 1949, which appears in the Appendix.]

FEDERAL PAY IN KEY POSTS—EDITORIAL FROM WASHINGTON EVENING STAR

[Mr. FLANDERS asked and obtained leave to have printed in the RECORD an editorial entitled "Dr. Bunche and Federal Pay," published in the Washington Evening Star of May 27, 1949, which appears in the Appendix.]

ADMISSION OF DISPLACED PERSONS—LETTER FROM JOHN W. EDELMAN

[Mr. MYERS asked and obtained leave to have printed in the RECORD a letter addressed by John W. Edelman, Washington representative, Textile Workers Union of America, CIO, to the editor of the Washington Evening Star and published in that newspaper on May 23, 1949, under the caption "Textile union official pleads for admission of displaced persons," which appears in the Appendix.]

LEAVES OF ABSENCE

Mr. HENDRICKSON asked and obtained consent to be absent from the sessions of the Senate on June 1, 2, and 3.

On request of Mr. WHERRY, and by unanimous consent, Mr. BUTLER was excused from the sessions of the Senate today and June 1 and 2.

EXTENSION OF TIME FOR COMPLETION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 1754) extending the time for the completion of annual assessment work on mining claims held by location in the United States for the year ending at 12 o'clock meridian July 1, 1949, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LUCAS. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. O'MAHONEY, Mr. MURRAY, Mr. DOWNEY, Mr. MILLIKIN, and Mr. CORDON conferees on the part of the Senate.

ESTABLISHMENT OF ST. CROIX ISLAND NATIONAL MONUMENT, MAINE

Mr. BREWSTER. Mr. President, I should like to ask unanimous consent that the Senator from Wyoming [Mr. O'MAHONEY], as chairman of the Committee on Interior and Insular Affairs, may be permitted to call up and have action on a House bill. Through inadvertence a Senate bill instead of a House bill was recently passed. It will require only about 30 seconds.

The VICE PRESIDENT. Is there objection to the unanimous-consent request? The Chair hears none.

Mr. O'MAHONEY. Mr. President, on the call of the calendar several weeks ago the Senate passed a bill which was introduced by the Senators from Maine to establish the St. Croix Island National Monument in the State of Maine. The fact was overlooked at that time that

there was a House bill identical with the Senate bill which was before the Senate committee. The most expeditious way to make effective the action of the Senate and the House is to have the Senate now discharge the Committee on Interior and Insular Affairs from the further consideration of House bill 1357 and to pass that bill in lieu of the Senate bill which has already gone to the House. So, Mr. President, I make that unanimous-consent request.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Committee on Interior and Insular Affairs is discharged from the further consideration of House bill 1357.

Mr. O'MAHONEY. I now ask unanimous consent for the present consideration of the House bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the bill (H. R. 1357) to authorize the establishment of the St. Croix Island National Monument, in the State of Maine, was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF COMMUNICATIONS ACT OF 1934

Mr. McFARLAND. Mr. President, I introduce for appropriate reference a bill to further amend the Communications Act of 1934.

The bill is the end product of several years of work by myself and other members of the Senate Committee on Interstate and Foreign Commerce. Extensive hearings were held in 1943, 1945, and 1947 on many of the sections included in the bill introduced today. Other sections have been proposed by the Federal Communications Commission from time to time. Some sections were recommended by Senator TOBEY and me, as a subcommittee, in a report to the full committee. These recommendations were adopted unanimously by the full committee in Senate Report No. 49, and the recommended sections were included in a bill introduced by the senior Senator from Colorado [Mr. JOHNSON] a few weeks ago.

I desire to make it clear that my purpose in including all of the sections contained in the bill is to make sure that they will have the careful consideration of the committee, but all of them do not necessarily represent my personal views.

For example, section 5 of the bill provides, among other things, for the division of the Federal Communications Commission into panels. There exists a considerable difference of opinion regarding the worth of panels. I agree with others who have studied the problems of the Commission that a change in the internal structure is extremely desirable. Whether a panel structure will be helpful or will result in even greater confusion is a matter which our committee will consider carefully.

On the other hand, there appears to be almost unanimous agreement for the enactment of a provision which makes mandatory the horizontal reorganization of the Commission along lines of its principal work-load, provides for an independent legal-engineering-accounting review staff divorced from the Commission's prosecutory functions and generally gives the Commission some flexibility in meeting its case-load and rule-making problems. I have drafted such a provision after consultation with Commissioners and my personal opinion is that it must be a part of any bill enacted. Whether panels should be provided for in addition is a question I believe our committee can settle with little delay.

It should be noted that the bill I have introduced today is limited strictly to organizational, administrative, and appellate provisions. I have included no policy sections simply because the most urgent and pressing problem of the Commission today deals with its internal organization. If legislation on substantive matters of policy are found necessary, it is my belief that they must be given careful committee consideration, either in this bill or possibly in other legislation.

There can be little doubt, however, that administrative and procedural amendments to the existing communications law are badly needed. It is my hope that our committee can and will consider this bill rather promptly, even though some hearings may be necessary, in an effort to enact legislation in this session of Congress.

I ask unanimous consent that the bill be printed in full at this point in the RECORD.

There being no objection, the bill (S. 1973) to further amend the Communications Act of 1934, was read twice by its title, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as "Communications Act Amendments, 1949."

SEC. 2. Subsections (o) and (p) of section 3 of the Communications Act of 1934, as amended, are amended to read as follows:

"(o) 'Broadcasting' means the dissemination of radio communications intended to be received directly by the public.

"(p) 'Network broadcasting' or 'chain broadcasting' means the simultaneous or delayed broadcasting on a single broadcast band of identical programs by two or more stations however connected."

SEC. 3. Section 3 of such act is further amended by adding after subsection (aa) the following:

"(bb) The term 'license,' 'station license,' or 'radio station license' means that instrument of authorization required by this act or the rules and regulations of the Commission made pursuant to this act, for the use or operation of apparatus for transmission of energy, or communications, or signals by radio, by whatever name the instrument may be designated by the Commission.

"(cc) The term 'broadcast station,' broadcasting station,' or 'radio broadcast station' means a radio station equipped to engage in broadcasting as herein defined.

"(dd) The term 'construction permit' or 'permit for construction' means that instrument of authorization required by this act or the rules and regulations of the Commission made pursuant to this act for the installation of apparatus for the transmission of energy, or communications, or signals by radio, by whatever name the instrument may be designated by the Commission.

"(ee) The term 'Commission' as used in this act shall be taken to mean the whole Commission or a panel thereof as required by the context and the subject matter dealt with."

SEC. 4. (a) Subsection (b) of section 4 of such act, as amended, is amended by striking out the last two sentences thereof and inserting in lieu thereof the following: "Such Commissioners shall not engage in any other business, vocation, profession, or employment but this shall not apply to the preparation of technical or professional publications. On and after one year from the date of enactment of this act such Commissioners shall not during the term for which they are appointed and qualified, irrespective of their term of actual service, engage in any business, vocation, profession, or employment the compensation for which is derived from or paid by any person, including all persons under common control, subject to the provisions of this act. Not more than four members of the Commission shall be members of the same political party and not more than two members of each panel thereof shall be members of the same political party."

(b) Subsection (d) of section 4 of such act is amended to read as follows:

"(d) Each Commissioner shall receive an annual salary of $15,000 payable in monthly installments."

(c) Subsection (f) (1) of section 4 of such act is amended to read as follows:

"(f) (1) Without regard to the civil-service laws or the Classification Act of 1923, as amended, (1) the Commission may appoint and prescribe the duties and fix the salaries of a secretary, a chief engineer, and not more than three assistants, a chief accountant and not more than three assistants, a general counsel and not more than three assistants, and temporary counsel designated by the Commission for the performance of special services; and (2) each Commissioner may appoint and prescribe the duties of a legal assistant at an annual salary not to exceed $10,000 and a secretary at an annual salary not to exceed $4,000, except the last named salary shall not apply so long as the positions are held by the present incumbents. The chief engineer, the chief accountant, and the general counsel shall each receive an annual salary of not to exceed $12,000; the secretary shall receive an annual salary of not to exceed $10,000, and no assistant shall receive an annual salary in excess of $10,000: *Provided*, That the salaries specified in this subsection shall be maximum gross salaries not subject to increases heretofore or hereafter authorized by law, unless such increases shall specify the salaries in this subsection: *And provided further*, That on and after one year from the date of enactment of this act the secretary of the Commission, the chief engineer, the chief accountant, the general counsel, and the legal assistants to each Commissioner shall not, for the period of one year next following the cessation of their employment with the Commission, represent before the Commission in a professional capacity any person, including all persons under common control, subject to the provisions of this act. The Commission shall have authority, subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended, to appoint such other officers, engineers, accountants, attorneys, inspectors, examiners, and other employees as are necessary in the execution of its functions."

(d) The first sentence of subsection (g) of section 4 of such act, as amended, is amended to read as follows:

"(g) The Commission may make such expenditures (including expenditures for rent and personal services at the seat of government and elsewhere, for office supplies, law books, periodicals, and books of reference, for printing and binding, for land for use as sites for radio monitoring stations and related facilities, including living quarters where necessary in remote areas, for the construction of such stations and facilities, and for the improvement, furnishing, equipping, and

repairing of such stations and facilities and of laboratories and other related facilities (including construction of minor subsidiary buildings and structures not exceeding $25,000 in any one instance) used in connection with technical research activities), as may be necessary for the execution of the functions vested in the Commission and as from time to time may be appropriated for by Congress."

(e) Subsection (h) of section 4 of such act is amended to read as follows:

"(h) Four members of the Commission shall constitute a quorum thereof and two members of each panel shall constitute a quorum of such panel. The Commission shall have an official seal which shall be judicially noted."

(f) Subsection (k) of section 4 of such act is amended to read as follows:

"(k) The Commission shall make an annual report to Congress, copies of which shall be distributed as are other reports transmitted to Congress. Such reports shall contain—

"(1) such information and data collected by the Commission as may be considered of value in the determination of questions connected with the regulation of interstate and foreign wire and radio communication and radio transmission of energy;

"(2) such information and data concerning the functioning of the Commission as will be of value to Congress in appraising the amount and character of the work and accomplishments of the Commission and the adequacy of its staff and equipment: *Provided*, That the first and second annual reports following the date of enactment of Communications Act amendments, 1949, shall set forth in detail the number of pending cases of all types at the beginning and end of the period covered by such reports;

"(3) information with respect to all persons taken into the employment of the Commission during the year covered by the report, including names, pertinent biographical data and experience, Commission positions held and compensation paid, together with the names of those persons who have left the employ of the Commission during such year: *Provided*, That the first annual report following the date of enactment of Communications Act amendments, 1949, shall contain such information with respect to all persons in the employ of the Commission at the close of the year for which the report is made;

"(4) an itemized statement of all funds expended during the preceding year by the Commission, of the sources of such funds, and of the authority in this act or elsewhere under which such expenditures were made; and

"(5) specific recommendations to Congress as to additional legislation which the Commission deems necessary or desirable."

SEC. 5. Section 5 of such act, as amended, is amended to read as follows:

"ORGANIZATION OF THE COMMISSION

"SEC. 5. (a) The member of the Commission designated by the President as chairman shall be the chief executive officer of the Commission. It shall be his duty to preside at all meetings and sessions of the whole Commission, to represent the Commission in all matters relating to legislation and legislative reports, to represent the Commission in all matters requiring conferences or communications with other governmental officers, departments, or agencies and generally to coordinate and organize the work of the Commission and each panel thereof in such manner as to promote prompt and efficient disposition of all matters within the jurisdiction of the Commission.

"(b) Within 60 days after the enactment of this act, the Commission shall organize its staff into three integrated divisions, each of which shall include legal, engineering, and accounting personnel, to function on the basis of the Commission's principal work-load operations: *Provided*, That the Commission may, in its discretion, exempt from such divisional organizations its laboratory, frequency allocation, treaty, field engineering, and monitoring activities and personnel assigned to same. Each such division shall handle and process, under the direction of the Commission, all applications, cases, and proceedings in its assigned field. The Commission may from time to time establish such other integrated functioning divisions as its operations and work load may, in its judgment, make necessary or desirable, or revise or modify the divisions herein provided for. The general counsel, the chief engineer, and the chief accountant, and their respective assistants shall carry out their respective duties under such rules and regulations as the Commission may prescribe. The Commission shall establish a staff, directly responsible to it, which shall include such legal, engineering, and accounting personnel as the Commission deems necessary, whose duty shall be to prepare such drafts of Commission decisions, orders, and other memoranda as the Commission, in the exercise of its quasi-judicial duties, may from time to time direct: *Provided*, That no member of such staff shall participate in a hearing or represent the Commission, directly or indirectly, in any prosecutory or investigatory function or proceeding.

"(c) Within 60 days after the enactment of this act and annually on June 30 thereafter, the Commission shall organize its members, other than the Chairman, into two panel of three members each, select a chairman for such panels, and said panels to be known and designated as the "broadcast panel" and the "communications panel." Except as hereinafter provided, no member designated to serve on one panel shall have or exercise any duty or authority with respect to the work or functions of the other but no member of the Commission shall be designated to serve upon a particular panel for more than 1 year in any consecutive 2-year period.

"(d) The broadcast panel shall have and exercise jurisdiction as provided in subsection (e) hereof over such questions of substance and procedure as may arise under this act or amendments thereto relating to wire and radio communications intended to be received by the public directly, or services exclusively related thereto of a non-common-carrier nature.

"(e) The communications panel shall have and exercise jurisdiction as provided in subsection (e) hereof over such questions of substance and procedure as may arise under this act or amendments thereto relating to wire and radio communications by a common-carrier or carriers or which are intended to be received by a designated addressee or addressees, including among others (1) all signals or communications of an emergency nature, including those by, to, and between ships at sea and those relating to fire control and police activities; (2) all signals and communications by, to, and between aircraft, or for the use or assistance of aircraft; (3) all signals and communications by, to, and between trains, motor vehicles and other manner of land transportation, including vessels engaged in inland waterways or harbor operations; and (4) all signals and communications by, to, and between amateur stations.

"(f) Within its respective jurisdiction, each panel shall, unless otherwise ordered by the whole Commission, (1) make all orders and adjudications involving the interpretation and application of the act or of the Commission's regulations made pursuant to the act, and (2) function as a committee of the whole Commission in the exercise of the Commission's rule-making powers.

"(g) The whole Commission shall have and exercise jurisdiction (1) over the establishment and maintenance of the panels provided for in subsection (b) hereof and of all questions which may arise concerning the jurisdiction of such panels; (2) over the adoption and promulgation of all rules and regulations of general application authorized by this act, including procedural rules and regulations for the Commission and the panels thereof; (3) over the assignment of bands of frequencies to the various radio services; (4) over the selection and appointment of all officers and other employees of the Commission and of the panels thereof; and (5) generally over all other matters with respect to which authority is not otherwise specifically conferred by other provisions of this act, including the assignment, in its discretion, over the qualification and licensing of all radio operators and over industrial heating, electromedical, and other electrical apparatus capable of causing harmful interference to other radio services to panels or designated personnel.

"(h) Each panel of the Commission shall, in conformity with and subject to the provisions of this section, organize the personnel assigned to it in such manner as will best serve the prompt and orderly conduct of its business. Each panel shall have power and authority by a majority thereto to hear and determine, order, certify, report, or otherwise act as to any of said work, business, or functions over which it has jurisdiction. Any decision, order, report made, or other action taken by either of said panels with respect to any matter within its jurisdiction shall be final and conclusive except as otherwise provided in this act. The secretary and seal of the Commission shall be the secretary and seal of each panel thereof.

"(i) Notwithstanding any other provisions of this section, the Commission may, when necessary to the proper functioning of the Commission and the prompt and orderly conduct of its business (1) order any matter otherwise within the jurisdiction of either panel to be considered and determined by the whole Commission; (2) order any matter otherwise within the jurisdiction of either panel to be considered and determined by the other panel; (3) continue any member in the performance of particular duties undertaken and commenced while serving as Chairman of the Commission or as a member of either panel; (4) assign any member including the Chairman to fill temporarily a vacancy or absence existing on either panel; and (5) assign any member to fill temporarily a vacancy or absence existing in the office of the Chairman of the Commission.

"(j) Special assignments either of members of the Commission or of particular items of business made pursuant to subsection (h) hereof shall not affect the regular organization of the Commission as provided herein and shall not affect the duties and responsibilities conferred upon any Commissioner by virtue thereof. During the temporary service of any Commissioner pursuant to any such assignment, such Commissioner shall continue to exercise the other duties and responsibilities which are conferred upon him by or pursuant to this act.

"(k) Except as provided in section 409 hereof, the Commission or either panel thereof is hereby authorized by its order to assign or refer any portion of its work, business, or functions to an individual Commissioner, or to a board composed of an employee or employees of the Commission, to be designated by such order for action thereon, and by its further order at any time to amend, modify, or rescind any such order or reference: *Provided*, That this authority shall not extend to duties otherwise specifically imposed by this or any other act of Congress. Any order, decision, or report made or other action taken by any such individual Commissioner or board in respect of any matter so assigned or referred shall have the same force and effect and may be

made, evidenced, and enforced as if made by the Commission or the appropriate panel thereof: *Provided, however,* That any person aggrieved by any such order, decision, or report may file a petition for review by the Commission or the appropriate panel thereof and every such petition shall be passed upon by the Commission or that panel.

"(l) Meetings of the whole Commission shall be held at regular intervals, not less frequently than once each calendar month, at which times the assignment of cases to the Commission or to panels under subsection (b) shall be ordered; the functioning of the Commission and the particular panels shall be reviewed; and such orders shall be entered, and other action taken, as may be necessary or appropriate to expedite the prompt and orderly conduct of the business of the Commission and the panels thereof."

SEC. 6. Subsection (d) of section 307 of such act is amended to read as follows:

"(d) No license granted for the operation of a broadcasting station shall be for a longer term than 3 years and no license so granted for any other class of station shall be for a longer term than 5 years, and any license granted may be revoked as hereinafter provided. Upon the expiration of any license, upon application therefor, a renewal of such license may be granted from time to time for a term of not to exceed 3 years in the case of broadcasting licenses and not to exceed 5 years in the case of other licenses."

SEC. 7. So much of subsection (a) of section 308 of such act as precedes the second proviso is amended to read as follows: "The Commission may grant instruments of authorization entitling the holders thereof to construct or operate apparatus for the transmission of energy, or communications, or signals by radio or modifications or renewals thereof, only upon written application therefor received by it: *Provided,* That (1) in cases of emergency found by the Commission involving danger to life or property or due to damage to equipment, or (2) during the continuance of any war in which the United States is engaged and when such action is necessary for the national defense or security or otherwise in furtherance of the war effort, the Commission may grant and issue authority to construct or operate apparatus for the transmission of energy or communications or signals by radio during the emergency so found by the Commission or during the continuance of any such war, in such manner and upon such terms and conditions as the Commission shall by regulation prescribe, and without the filing of a formal application, but no such authority shall be granted for a period beyond the period of the emergency requiring it nor remain effective beyond such period:".

SEC. 8. Section 309 of such act, as amended, is amended to read as follows:

"HEARINGS ON APPLICATIONS FOR LICENSES; FORM OF LICENSES; CONDITIONS ATTACHED TO LICENSES

"SEC. 309. (a) If upon examination of any application provided for in section 308 the Commission shall determine that public interest, convenience, and necessity would be served by the granting thereof, it shall authorize the issuance of the instrument of authorization for which application is made in accordance with said finding.

"(b) If upon examination of any such application the Commission is unable to make the finding specified in subsection (a) of this section, it shall forthwith notify the applicant and other known parties in interest of the grounds and reasons for its inability to make such finding. Such notice, which shall precede formal designation for a hearing, shall advise the applicant and all other known parties in interest of all objections made to the application as well as the source and nature of such objections. The parties in interest shall include, in addition to such others as the Commission may determine, any person whose status as the holder of a construction permit or license would be adversely affected because of the authorization or action proposed and any person then an applicant for facilities whose status as such applicant would be adversely affected. Following such notice, the Commission shall formally designate the application for hearing on the grounds or reasons then obtaining and shall notify the applicant and all other known parties in interest of such action and the grounds and reasons therefor, specifying with particularity the matters and things in issue but not including issues or requirements phrased generally. The parties in interest, if any, who are not notified by the Commission of its action with respect to a particular application may acquire the status of a party to the proceeding thereon by filing a petition for intervention showing the basis for their interest at any time not less than 10 days prior to the date of hearing. Any hearing subsequently held upon such application shall be a full hearing in which the applicant and all other parties in interest shall be permitted to participate but in which both the burden of proceeding with the introduction of evidence upon any issue specified by the Commission, as well as the burden of proof upon all such issues, shall be upon the applicant.

"(c) When any instrument of authorization is granted by the Commission without a hearing as provided in subsection (a) hereof, such grant shall remain subject to protest as hereinafter provided for a period of 30 days. During such 30-day period any party in interest, as defined in subsection (b) hereof, may file a protest directed to such grant and request a hearing on said application so granted. Any protest so filed shall contain such allegations of fact as will show the protestant to be a party in interest and shall specify with particularity the matter and things in issue but shall not include issues or allegations phrased generally. Upon the filing of such protest the application involved shall be set for hearing upon the issues set forth in said protest, together with such further specific issues, if any, as may be prescribed by the Commission. In any hearing subsequently held upon such application all issues specified by the Commission shall be tried in the same manner provided in subsection (b) hereof but with respect of all issues set forth in the protest and not specifically adopted by the Commission, both the burden of proceeding with the introduction of evidence and the burden of proof shall be upon the protestant. The hearing and determination of cases arising under this subsection shall be expedited by the Commission and pending hearing and decision the effective date of the Commission's action to which protest is made shall be postponed to the date of the Commission's decision after hearing, unless the authorization involved is necessary to the maintenance or conduct of an existing service, in which event the Commission shall authorize the applicant to utilize the facilities or authorization in question pending the Commission's decision after hearing.

"(d) Such station licenses as the Commission may grant shall be in such general form as it may prescribe, but each license shall contain, in addition to other provisions, a statement of the following conditions to which such license shall be subject: (1) The station license shall not vest in the licensee any right to operate the station nor any right in the use of the frequencies designated in the license beyond the term thereof nor in any other manner than authorized therein; (2) neither the license nor the right granted thereunder shall be assigned or otherwise transferred in violation of this act; (3) every license issued under this act shall be subject in terms to the right of use or control conferred by section 606 hereof."

SEC. 9. Subsection (b) of section 310 of said act is amended to read as follows:

"(b) No instrument of authorization granted by the Commission entitling the holder thereof to construct or to operate radio apparatus and no rights granted thereunder shall be transferred, assigned, or disposed of in any manner voluntarily or involuntarily, directly, or indirectly, or by transfer of control of any corporation holding such instrument of authorization, to any person except upon application to the Commission and upon finding by the Commission that the proposed transferee or assignee possesses the qualifications required of an original permittee or licensee. The procedure for handling such application shall be that provided in section 309."

SEC. 10. Section 311 of such act, as amended, is amended to read as follows:

"SEC. 311. The Commission is hereby directed to refuse a station license and/or the permit hereinafter required for the construction of a station to any person (or to any person directly or indirectly controlled by such person) whose license has been revoked by a court under section 313."

SEC. 11. Section 312 of such act, as amended, is amended to read as follows:

"REVOCATION OF LICENSES; CEASE-AND-DESIST ORDERS

"SEC. 312. (a) Any station license may be revoked (1) because of conditions coming to the attention of the Commission since the granting of such license which would have warranted the Commission in refusing to grant such license, or (2) for violation or failure to observe any of the restrictions or provisions of a treaty ratified by the United States, or (3) for violation of or failure to observe the terms and conditions of any cease-and-desist order issued by the Commission pursuant to subsection (b) hereof: *Provided,* That no such order of revocation shall take effect until 30 days' notice in writing thereof, stating the cause for the proposed revocation, has been given to the licensee. Such licensee may make written application to the Commission at any time within said 30 days for a hearing upon such order, and upon the filing of such written application said order of revocation shall stand suspended until the conclusion of the hearing. Upon the conclusion of said hearing the Commission may affirm, modify, or revoke said order of revocation.

"(b) Where a station licensee (1) has failed to operate substantially as set forth in the license, or (2) has failed to observe any of the restrictions and conditions of this act or of a treaty ratified by the United States, or (3) has violated or failed to observe any rule or regulation of the Commission authorized by this act, the Commission may institute a proceeding by serving upon the licensee an order to show cause why it should not cease and desist from such action. Said order shall contain a statement of the particulars and matters with respect to which the Commission is inquiring and shall call upon the licensee to appear before the Commission at a time and place therein stated, but in no event less than 30 days after receipt of such notice, and give evidence upon the matter specified in said order. If, after hearing, or a waiver thereof by the licensee, the Commission determines that a cease-and-desist order should issue, it shall make a report in writing stating the findings of the Commission and the grounds and reasons therefor and shall cause the same to be served on said licensee, together with such order."

SEC. 12. Part I of title III of such act is amended by adding the following new section:

"MODIFICATION BY COMMISSION OF CONSTRUCTION PERMITS OR LICENSES

"SEC. 330. (a) Any station license granted under the provisions of this act or the construction permit required thereby may be modified by the Commission either for a limited time or for the duration of the term thereof, if, in the judgment of the Commis-

sion, such action will promote the public interest, convenience, and necessity, or the provisions of this act or of any treaty ratified by the United States will be more fully complied with: *Provided*, That no such order of modification shall become final until the holder of such outstanding license or permit shall have been notified in writing of the proposed action and the grounds and reasons therefor, and shall have been given reasonable opportunity, in no event less than 30 days, to show cause by public hearing, if requested, why such order of modification should not issue.

"(b) In any case where a hearing is conducted pursuant to the provisions of this section or section 312, both the burden of proceeding with the introduction of evidence and the burden of proof shall be upon the Commission."

SEC. 13. Part I of title III of such act is amended by adding the following new section:

"LIMITATION ON QUASI-JUDICIAL POWERS

"SEC. 331. No license granted and issued under the authority of this act for the operation of any radio station shall be modified by the Commission, except in the manner provided in section 330 (a) hereof, and no such license may be revoked, terminated, or otherwise invalidated by the Commission, except in the manner and for the reasons provided in section 312 (a) hereof. When application is made for renewal of an existing license, which cannot be disposed of by the Commission under the provisions of section 309 (a) hereof, the Commission shall employ the procedure specified in section 309 (b) hereof, except that in any hearing subsequently held upon such application both the burden of proceeding with the introduction of evidence and the burden of proof shall be upon the Commission or those who oppose the granting of such renewal, and pending such hearing and final decision pursuant thereto the Commission shall continue such license in effect."

SEC. 14. Part I of title III of such act is amended by adding the following new section:

"LIMITATION ON RULE-MAKING POWERS; DISCRIMINATION PROHIBITED

"SEC. 332. No sanction shall be imposed or substantive rule or order be issued except within jurisdiction delegated to the Commission and as authorized by law. The Commission shall make or promulgate no rule or regulation of substance or procedure, the purpose or result of which is to effect a discrimination between persons based upon race, religious or political affiliation or kind of lawful occupation or business association."

SEC. 15. The heading of section 401 of such act is amended to read:

"JURISDICTION TO ENFORCE ACT AND ORDERS OF COMMISSION; DECLARATORY ORDERS"

and such section is amended by adding at the end thereof a new subsection (d) as follows:

"(d) The Commission is authorized and directed, in its sound discretion and with like effect as in the case of other orders, to issue a declaratory order to terminate a controversy or remove uncertainty. Notwithstanding the provisions of section 5 (d) of the Administrative Procedure Act (U. S. C., 1946 ed., title 5, sec. 1009) declaratory orders shall be issued only upon the petition of, and after notice to and opportunity for hearing by, persons who are bona fide applicants for, or the holders of, construction permits or licenses, or otherwise subject to the jurisdiction of the Commission, and shall not bind or affect the rights of persons who are not parties to such proceedings. Such orders shall be available to declare rights and other legal relations arising under the provisions of any treaty ratified by the United States, under any provision of this act, or under any order, rule, regulation, term, condition, limitation, or requirement issued, promulgated, or adopted by the Commission, whether or not involving failure to comply therewith."

SEC. 16. Section 402 of such act is amended to read as follows:

"SEC. 402. (a) The provisions of the act of October 22, 1913 (62 Stat. 992), as amended, relating to the enforcing or setting aside of orders of the Interstate Commerce Commission are hereby made applicable to suits to enforce, enjoin, set aside, annul, or suspend any order of the Commission under this act (except those appealable under the provisions of subsection (b) hereof), and such suits are hereby authorized to be brought as provided in that act. In addition to the venues specified in that act, suits to enjoin, set aside, annul, or suspend, but not to enforce, any such order of the Commission may also be brought in the United States District Court for the District of Columbia.

"(b) Appeals may be taken from decisions and orders of the Commission to the United States Court of Appeals for the District of Columbia in any of the following cases:

"(1) By any applicant for any instrument of authorization required by this act, or the regulations of the Commission made pursuant to this act, for the construction or operation of apparatus for the transmission of energy, or communications, or signals by radio, whose application is denied by the Commission.

"(2) By any applicant for the renewal or modification of any such instrument of authorization whose application is denied by the Commission.

"(3) By any party to an application for authority to assign any such instrument of authorization or to transfer control of any corporation holding such instrument of authorization whose application is denied by the Commission.

"(4) By any applicant for the permit required by section 325 of this act whose application has been denied by the Commission or any permittee under said section whose permit has been revoked by the Commission.

"(5) By the holder of any instrument of authorization required by this act, or the regulations of the Commission made pursuant to this act, for the construction or operation of apparatus for the transmission of energy, or communications or signals by radio, which instrument has been modified or revoked by the Commission.

"(6) By any other person who is aggrieved or whose interests are adversely affected by any order of the Commission granting or denying any application described in paragraphs (1), (2), (3), and (4) hereof.

"(7) By any person upon whom an order to cease and desist has been served under section 312 (b) of this act.

"(8) By any party to a proceeding under section 401 who is aggrieved or whose interests are adversely affected by a declaratory order entered by the Commission.

"(9) By any radio operator whose license has been suspended by the Commission.

"(c) Such appeal shall be taken by filing a notice of appeal with the court within 30 days after the entry of the order complained of. Such notice of appeal shall contain a concise statement of the nature of the proceedings as to which the appeal is taken; a concise statement of the reasons on which the appellant intends to rely, separately stated and numbered; and proof of service of a true copy of said notice and statement upon the Commission. Upon filing of such notice, the court shall have exclusive jurisdiction of the proceedings and of the questions determined therein and shall have power, by order, directed to the Commission or any other party to the appeal, to grant such temporary relief as it may deem just and proper. Orders granting temporary relief may be either affirmative or negative in their scope and application so as to permit either the maintenance of the status quo in the matter in which the appeal is taken or the restoration of a position or status terminated or adversely affected by the order appealed from and shall, unless otherwise ordered by the court, be effective pending hearing and determination of said appeal and compliance by the Commission with the final judgment of the court rendered in said appeal.

"(d) Upon the filing of any such notice of appeal the Commission shall, not later than 5 days after the date of service upon it, notify each person shown by the records of the Commission to be interested in said appeal of the filing and pendency of the same and shall thereafter permit any such person to inspect and make copies of said notice and statement of reasons therefor at the office of the Commission in the city of Washington. Within 30 days after the filing of an appeal, the Commission shall file with the court a copy of the order complained of, a full statement in writing of the facts and grounds relied upon by it in support of the order involved upon said appeal, and the originals or certified copies of all papers and evidence presented to and considered by it in entering said order.

"(e) Within 30 days after the filing of an appeal any interested person may intervene and participate in the proceedings had upon said appeal by filing with the court a notice of intention to intervene and a verified statement showing the nature of the interest of such party, together with proof of service of true copies of said notice and statement, both upon appellant and upon the Commission. Any person who would be aggrieved or whose interest would be adversely affected by a reversal or modification of the order of the Commission complained of shall be considered an interested party.

"(f) The record and briefs upon which any such appeal shall be heard and determined by the court shall contain such information and material, and shall be prepared within such time and in such manner as the court may by rule prescribe.

"(g) At the earliest convenient time the court shall hear and determine the appeal upon the record before it in the manner prescribed by section 10 (e) of the Administrative Procedure Act (U. S. C. 1946 ed., title 5, sec. 1009).

"(h) In the event that the court shall render a decision and enter an order reversing the order of the Commission, it shall remand the case to the Commission to carry out the judgment of the court and it shall be the duty of the Commission, in the absence of the proceedings to review such judgment, to forthwith give effect thereto, and unless otherwise ordered by the court, to do so upon the basis of the proceedings already had and the record upon which said appeal was heard and determined.

"(i) The court may, in its discretion, enter judgment for costs in favor of or against an appellant, or other interested parties intervening in said appeal, but not against the Commission, depending upon the nature of the issues involved upon said appeal and the outcome thereof.

"(j) The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States as hereinafter provided—

"(1) an appeal may be taken direct to the Supreme Court of the United States in any case wherein the jurisdiction of the court is invoked, or sought to be invoked, for the purpose of reviewing any decision or order entered by the Commission in proceedings instituted by the Commission which have as their object and purpose the revocation of an existing license or any decision or order entered by the Commission in proceedings which involve the failure or refusal of the Commission to renew an existing license. Such appeal shall be taken by the filing of an application therefor or notice thereof

within 30 days after the entry of the judgment sought to be reviewed, and in the event such an appeal is taken the record shall be made up and the case docketed in the Supreme Court of the United States within 60 days from the time such an appeal is allowed under such rules as may be prescribed.

"(2) in all other cases, review by the Supreme Court of the United States shall be upon writ of certiorari on petition therefor under section 240 of the Judicial Code, as amended, by the appellant, by the Commission, or by any interested party intervening in the appeal, or by certification by the court pursuant to the provision of section 239 of the Judicial Code, as amended."

SEC. 17. The heading of section 405 of such act is amended to read: "Rehearings before panels or Commission," and such section is amended to read as follows:

"SEC. 405. (a) After a decision, order, or requirement has been made by the Commission or either panel thereof in any proceeding, any party thereto, or any other person aggrieved or whose interests are adversely affected thereby, may petition for rehearing. When the decision, order, or requirement has been made by the whole Commission, the petition for rehearing shall be directed to the whole Commission; when the decision, order, or requirement is made by a panel of the Commission, petition for rehearing shall be directed to that panel; petitions directed to the whole Commission requesting a rehearing in any matter determined by a panel thereof shall not be permitted or considered. Petitions for rehearing must be filed within 30 days from the entry of any decision, order, or requirement complained of and except for those cases in which the decision, order, or requirement challenged is necessary for the maintenance or conduct of an existing service, the filing of such a petition shall automatically stay the effective date thereof until after decision on said petition. The filing of a petition for rehearing shall not be a condition precedent to judicial review of any such decision, order, or requirement, except where the party seeking such review was not a party to the proceedings resulting in such decision, order, or requirement, or where the party seeking such review relies on questions of fact or law upon which the Commission or the appropriate panel has been afforded no opportunity to pass. Rehearings shall be governed by such general rules as the Commission may establish, provided that, except for newly discovered evidence or evidence otherwise available only since the original taking of evidence, no evidence shall be taken on any rehearing. The time within which an appeal must be taken under section 402 (b) hereof shall be computed from the date upon which orders are entered disposing of all petitions for rehearing filed in any case, but any decision, order, or requirement made after such rehearing reversing, changing, or modifying the original determination shall be subject to the same provisions with respect to rehearing as an original order."

SEC. 18. Section 409 (a) of such act is amended to read as follows:

"SEC. 409. (a) Notwithstanding the provisions of section 7 (a) of the Administrative Procedure Act (U. S. C., 1946 ed., title 5, sec. 1006), all cases in which a hearing is required by the provisions of this act or by other applicable provisions of law shall be conducted by the Commission or by the panel thereof having jurisdiction of the subject matter, or by one or more examiners provided for in section 11 of the Administrative Procedure Act, designated by the Commission. The officer or officers presiding at any such hearing shall have the same authority and duties exercised in the same manner and subject to the same conditions specified in section 7 of that act.

"(b) Notwithstanding the provisions of section 8 of the Administrative Procedure Act, the officer or officers conducting a hearing shall prepare and file an intermediate report. In all such cases the Commission, or the panel having jurisdiction thereof, shall permit the filing of exceptions to such intermediate report by any party to the proceeding and shall, upon request, hear oral argument on such exceptions before the entry of any final decision, order, or requirement. All decisions, including the intermediate report, shall become a part of the record and shall include a statement of (1) findings and conclusions, as well as the basis therefor, upon all material issues of fact, law, or discretion, presented on the record; and (2) the appropriate decision, order, or requirement.

"(c) Notwithstanding the provisions of section 5 (c) of the Administrative Procedure Act, no officer conducting a hearing pursuant to (a) and (b) hereof shall, except to the extent required for the disposition of ex parte matters as authorized by law, consult any person or party on any fact or question of law in issue, unless upon notice and opportunity for all parties to participate; nor shall such officer be responsible to or subject to the supervision or direction of any other person engaged in the performance of investigative, prosecuting, or other functions for the Commission or any other agency of the Government. No person or persons engaged in the performance of investigative or prosecuting functions for the Commission or for any other agency of the Government shall participate or advise in the proceedings described in (a) and (b) hereof, except as a witness or counsel in public proceedings. The Commission shall not employ attorneys or other persons for the purpose of reviewing transcripts or preparing intermediate reports or final decisions, except that legal assistants assigned separately to a Commission member may, for such Commission member, review such transcripts and prepare such drafts. No intermediate report shall be reviewed either before or after its publication by any person other than a member of the Commission or his legal assistant, as above provided, and no examiner, who conducts a hearing, shall advise or consult with the Commission with respect to his intermediate report or with respect to exceptions taken to his findings, rulings, or recommendations."

(b) Subsections (b), (c), (d), (e), (f), (g), (h), (i), and (j) of section 409 are amended to read subsections (d), (e), (f), (g), (h), (i), (j), (k), and (l), respectively.

SEC. 19. Section 414 of such act is amended by adding at the end thereof the following: "Except as specifically provided in this act the provisions of the Administrative Procedure Act shall apply in all proceedings under this act."

SEC. 20. Amend chapter 63 of the Criminal Code, title 18, by inserting a new section as follows:

"FRAUD BY RADIO

"SEC. 1343. Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, shall transmit or cause to be transmitted by means of radio communication or interstate wire communication, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, or whoever operating any radio station for which a license is required by any law of the United States, knowingly permits the transmission of any such communication, shall be fined not more than $10,000 or imprisoned not more than 5 years, or both."

SEC. 21. If any provision of this act or the application thereof to any person or circumstance is held invalid, the remainder of the act and the application of such provision to other persons or circumstances should not be affected thereby.

HOME RULE FOR THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (S. 1527) to provide for home rule and reorganization in the District of Columbia.

Mr. KEFAUVER. Mr. President, I ask unanimous consent that Mr. Clarence Pearce, of the Legislative Reference Service, may sit with me during the discussion of the home rule bill.

The VICE PRESIDENT. Without objection, consent is granted.

Mr. EASTLAND. Mr. President, on behalf of myself and the Senator from South Carolina [Mr. JOHNSTON], I offer and send to the desk an amendment for which I request immediate consideration.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 11, line 11, it is proposed to strike out "(other than a zoning ordinance)" and insert "(other than a zoning ordinance and except as provided in subsection (d))."

On page 11, between lines 14 and 15, it is proposed to insert the following:

(d) An ordinance which changes any law, policy, custom, rule, or regulation, in effect in the District on the effective date of this part, relating to racial segregation (but not including nonsegregation) in the public schools and school playgrounds of the District, in recreational areas under the administration of the Director of the Department of Recreation, or in restaurants, hotels, places of amusement, or other public places in the District shall take effect as law only as provided in section 338.

On page 18, between lines 14 and 15, insert the following new section:

REFERENDUMS ON ORDINANCES AND LAWS CHANGING RACIAL SEGREGATION POLICY

SEC. 338. (a) Before any ordinance or law which changes any law, policy, custom, rule, or regulation, in effect in the District on the effective date of part 2 of this title, relating to racial segregation (but not including nonsegregation) in the public schools or school playgrounds of the District, in recreational areas under the administration of the Director of the Department of Recreation, or in restaurants, hotels, places of amusement, or other public places in the District becomes effective, such ordinance or law shall be submitted by the Board of Elections to the qualified electors for a referendum thereon at the first election which is held not less than 30 days after the date such ordinance is passed or such law is enacted. If an ordinance or law so submitted is approved by a majority of the qualified electors voting thereon, it shall take effect on the day following the day on which the Board of Elections certifies the result of the referendum.

(b) The Board of Elections is authorized to prescribe such regulations as may be necessary or appropriate to carry out the provisions of subsection (a).

On page 20, between lines 11 and 12, insert the following:

(f) A law which changes any law, policy, custom, rule, or regulation, in effect in the District on the effective date of this part, relating to racial segregation (but not including nonsegregation) in the public schools and school playgrounds of the District in recreational areas under the administration of the Director of the Department of Recreation, or in restaurants, hotels, places of amusement, or other public places in the District shall not take effect unless, after

the enactment of such law, it has been approved by the qualified electors in the manner provided in section 338 in which case it shall take effect at the time provided in such section.

On page 22, beginning with line 5, strike out all through line 10, and insert the following:

SEC. 405. Each legislative proposal (except a legislative proposal authorizing the issuance of bonds and a legislative proposal relating to changes in racial segregation) which has become law, and each law authorizing the issuance of bonds which has been approved in a referendum as provided in section 702, and each law relating to changes in racial segregation which has been approved in a referendum as provided in section 338, shall be printed in the United States Statutes at Large in the same volume as the public laws.

On page 76, line 15, after "title", insert "section 338,".

On page 2, after "Sec. 337. Investigations by District Council.", insert "Sec. 338. Referendums on ordinances and laws changing racial segregation policy."

On page 12, line 11, strike out "or 336" and insert "336, or 338".

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Does the Senator from Mississippi desire to have the amendments considered singly or en bloc?

Mr. EASTLAND. I should like to have them considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, the amendments will be considered en bloc.

Mr. EASTLAND. Mr. President, this amendment simply provides that in personal matters of segregation, any changes proposed by way of ordinance by the Commissioners must be submitted to the people of the District of Columbia and voted on at the next election.

Today we hear considerable talk about majority rule and about democracy. We hear many Senators on the floor of the Senate state that they believe in letting the people determine their own destiny and their own rules of personal conduct. This amendment would simply provide for that.

Under the bill, if it is enacted, when the Commissioners adopt an ordinance, it is sent to Congress; and if not disapproved by Congress within 45 days, it takes effect. In matters of segregation, then, the amendment before it takes effect, must be submitted to the people to be voted on at the next election.

Mr. President, there has been a great deal of synthetic argument throughout the country about conditions within the District of Columbia; a synthetic clamor has arisen that the segregation rules of the District should be changed. We see many big politicians who state that they desire to abolish segregation within the District. It is peculiar indeed that the men who advocate the abolition of segregation here, the big politicians, the men in the upper income-tax brackets, believe in and practice segregation themselves. They believe in and practice segregation for their families. As a rule their children go to private schools, whose racial policy is for white only. I am fortunate in having three children in a private school in the city of Washington, a school that draws a color line, just as it is drawn in the public schools here. I am amazed at the number of high officials in the Government, men who give statements to the press that they desire to see segregation abolished and insist that we must adopt a progressive course, whose own children nevertheless, beyond the reach of racial mixture, are placed in private schools where it is known the color line will be maintained, even though there should be a mixture in the schools in Washington. For political purposes these persons pressure key people within the District to abolish segregation, and at the same time, while they live segregated lives themselves, they attempt to force it on Government clerks and on people in the low-income brackets who cannot protect themselves. But when it comes to maintaining it for themselves and their families, they draw the color line.

Mr. President, the amendment simply provides that the people of the District, before an ordinance takes effect, shall have the right to vote, and the ordinance shall not take effect until approved by the people of the District in a plebiscite. If the people of the District vote to abolish segregation in the public-school system, if they vote to abolish segregation in hotels, in restaurants, then the rule of the people will prevail. But the amendment gets around the idea of big politicians for political purposes slipping around the back door to pressure key people within the District to break down the customs here without giving the people a chance to make their will known. If this is a democracy, the people of the District of Columbia should determine policies and fix the rules by legislative processes, by democratic processes; and that, Mr. President, is all the amendment seeks to accomplish. How anyone who believes in majority rule and in letting the people decide could oppose the amendment is beyond my comprehension.

Mr. President, I think by all means the amendment should be adopted. It is well known that some influences in this country have tried to secure adoption of the program in the rest of the country and have failed. They tried to force it on the States, and have failed. They have failed because the people in the States have the power of the ballot and can protect themselves. In the State of California an FEPC bill was left to a vote of the people of that great State. Every newspaper in the State was for FEPC. All the big politicians in the State who had been pressured from behind the scenes by left-wing groups were for the FEPC. When it was placed on the ballot the sovereign people of California went into the booths and defeated it by a vote of 3 to 1, carrying every county in the State. There was not even organized opposition in the State of California.

Having failed in the States, a program has now been adopted to use the District of Columbia as a guinea pig, to force the issue on the District, because the people here do not have suffrage, they do not have power to defend and protect themselves. The amendment simply leaves the whole question to a vote of the people of the District, to be determined by them. If they want mixed schools, they can have mixed schools; they can have them by the will of the people of the District. If they want all the segregation customs and rules of the District abolished, they can abolish them by their vote, not by pressure groups pressuring key politicians from behind the scenes. They can abolish them by democratic processes, or they can retain them by democratic processes through the legislative system. I submit the amendment is in line with democracy, it is in line with the very highest concepts of Americanism, and should be adopted.

Mr. JOHNSTON of South Carolina. Mr. President, since I am a cosponsor of the amendment with the senior Senator from Mississippi, I feel that I should say a few words in behalf of the amendment. As has been so well stated by the senior Senator from Mississippi, there has been raised the hue and cry, "Let the people rule." The amendment in my opinion gives the people of the District a right to say what they prefer to have in the District of Columbia, in the schools and on the playgrounds, whether segregation or nonsegregation. Is it believed that we should pass upon that question in the Senate, without giving the people of the District a right to decide the question for themselves? That is the sole question before the Senate at the present time. If we are to turn over to the people of the District the right to rule the District, then let them say whether they want segregation within the District. As I see it at the present time, some people in the District would prefer to have segregation, while others want nonsegregation within the District. I believe it is also true that some of those whom we call the higher-ups within the District, those who are receiving big salaries within the District, do not send their children to the public schools. Do they request that their children be sent to schools attended both by white and colored, where tuition is required to be paid?

The issue involved is whether the people of the District of Columbia should be given the right to say whether they want segregation within the District. If my memory serves me correctly, within the past few days there has been mass meeting after mass meeting within the District on the question of segregation in playgrounds. It is an issue which the people themselves are at this particular time debating. Do Senators listening to me at this time believe it would be for the best interest of the people of the Nation's Capital City to take the matter out of their hands and turn it over to a commission, leaving it entirely with the commission, without giving the people the right to pass upon this vital question?

It so happens that in the District of Columbia it will be found that in certain sections of the city the population surrounding a public school is 90 to 95 percent white. It will be found that another section is inhabited by colored persons, thus indicating that the people of Washington have, so to speak, segregated themselves.

A few weeks ago I was driving in the State of New Jersey and happened to pass a school at recess time. I noticed that on the playground the children had

segregated themselves. The white children were not with the colored children on the playground. There may be no law to demand that situation in New Jersey, but the children segregate themselves. Even after school was out, white children were walking along the street together, and colored children, in a group, were walking along together. This indicates that the people themselves want to be segregated.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. HENDRICKSON. Does the Senator from South Carolina know that the State of New Jersey adopted a new constitution in 1947 containing a specific provision against segregation?

Mr. JOHNSTON of South Carolina. Although the State may have passed a law to that effect, the people of the State are now segregating themselves, as can be seen on the playgrounds there. I noticed that under one shade tree white children were playing together and under another shade tree colored children were playing together.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. EASTLAND. The distinguished Senator from New Jersey spoke of the constitution of his State. The matter was approved by the people of New Jersey who voted to insert a section in the constitution which prohibited segregation. All we are suggesting is that Congress give to the people of the District of Columbia the same right which is possessed by the people of New Jersey.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. EASTLAND. The Senator from South Carolina has the floor.

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. HENDRICKSON. Does the Senator understand the bill to be one which gives a republican form of government to the people of the District or a true democracy under which the people will have referendums and vote en masse on any question?

Mr. JOHNSTON of South Carolina. I would answer that question by——

Mr. EASTLAND. Is the Senator asking me that question?

Mr. HENDRICKSON. I should be glad to have an answer from either Senator.

Mr. EASTLAND. Mr. President, will the Senator yield to me?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Mississippi.

Mr. EASTLAND. In many cities and many States such questions are submitted to a vote of the people. That is especially true when there are pressure groups behind the scenes which would deprive the people of their rights. When it came to a new constitution containing a provision such as the one of which the Senator from New Jersey spoke, the question was submitted to and approved by the people of the State of New Jersey at an election. Am I correct in that statement?

Mr. HENDRICKSON. The Senator is quite correct.

Mr. EASTLAND. I do not desire to see the people of the District deprived of that right. I am certain the Senator from New Jersey would not tell the people of the District they did not have a right to vote on the question. What we seek to do is to give the people of the District the same right possessed by the people of the State of New Jersey, namely, the right which was accorded the people of the State of New Jersey to determine the identical question which we are now discussing. The same question would be determined by the people of the District, under the amendment which we have offered.

Mr. JOHNSTON of South Carolina. Mr. President, what the senior Senator from Mississippi has stated is absolutely correct. In the amendment now being discussed, we ask only that the people of the District of Columbia be given a right to vote upon the question of whether they desire segregation. That is what the amendment amounts to. We contend that the people of the District have a right to pass upon that question before the segregation laws are broken down.

It will be found that there are some people and some newspapers entertaining different ideas on the question even of home rule. Some think there should be home rule. Some believe that the present system would probably be better than home rule within the District.

I hold in my hand an editorial published in the Washington Star of Sunday, July 6, 1947, entitled "Civic Problems, Civic Bodies. An Independence Day Meditation; Representation Essential to Home Rule." It will be noted that this editorial contends that it is not home rule unless the people are given representation in Congress and some representation in the matter of electing a President. We know that if home rule is granted, there will not be an end of discussion of the matter in the House of Representatives and the Senate. This discussion will have just begun. The people will be back next year and the year after and the year after that regarding the matter discussed in this editorial, the matter of giving the people representation in Congress. After all, in the Constitution the Congress is given the duty of checking and controlling the affairs of the District, and if that is to be changed, the Constitution will have to be amended. If there is a desire to change the system of government existing within the District, then probably we should change the Constitution of the United States and let the District in as a State, which would be absolutely at variance with the action and the ideas of the founding fathers who created the District of Columbia.

The status of the District of Columbia is peculiar. The District is not a State; it is not a Territory. We have here within the District the Capital City of United States. It belongs to all the States of the Union. I was about to say that we had spent millions of dollars in the District, building it up, but I will say it has been billions of dollars.

I ofttimes wonder if it would not be best to move the city of Washington and put the Capital somewhere else, nearer the center of the United States. I believe it would be better for the United States as a whole if we did that. One reason that leads me to say that is that we took similar action in my State. At one time the capital of South Carolina was located away off at one side of the State. Finally the people decided to put the capital in the exact center of the State, so the State was surveyed, and it was found that the center was away out in the woods, in the fields, where there was no city, not even a town. But the State bought a tract 2 acres square, laid out the necessary roads, and they built Columbia, S. C., and made it the capital of my State, geographically in the center of the State.

Mr. President, if similar action has been taken in States, why could it not be taken by the Federal Government? Personally, I should like to see that done. Then the Capital would not be so far from Oklahoma, it would not be so far from California, it would not be so far from the States of Washington and Oregon. Some of the States which are in the geographical center of the United States would have a capital close at home. But as it is, Washington is situated in the East, close to the Atlantic Ocean.

Let me give another reason why I should like to see the location of the Capital changed. If we ever had an atomic war, what would happen to Washington, the seat of the Federal Government, the first thing? Think of it. For the reasons I have given I believe that while we are speaking about the Capital City, it might be a good idea for us to think a little of moving the Capital to a location which might be for the best interests of all the United States in the future.

I know the people of Washington would not like that; but if we moved the Capital out of the city, what would happen? What would happen to the employees of the Government if we were to move the Capital out of Washington? I fear that the city would not increase in population in the future, but some other place, where the Capital was located, would build up.

When the Capital City was located, Mr. President, the founding fathers did not want it to be within a State. Have Senators noticed that? Virginia and Maryland gave the land to the Government on condition that the Capital City would be located here. New York was pulling for it, Philadelphia was pulling for it, but the Capital was not located in any State. The founding fathers decided that they would rather have the Capital City here, not in any way connected with any State.

Mr. President, there was a reason for that. Let us see what the reason back of it was. Can there be dual control, and satisfaction? If we do not continue to keep, in the Government itself, control of Washington, D. C., the Capital City, which belongs to all States of the Nation, I predict that there will be many headaches we have never before heard about. Did anyone ever hear of any trouble in States where there was dual control between the city and the State?

What State in the Union does not have trouble in law enforcement, one jurisdiction accusing the other, saying that they did this wrong and the other thing wrong? Have we ever heard of a city being accused of protecting criminals? Have we ever heard of a city accusing the State law-enforcement officials of protecting criminals? Here in Washington the control comes down directly from the Congress, as written in the Constitution of the United States.

Why was the Capital City located here on swamp land and in the woods? The Capital was built here in order to get away from State control, and to assure control by the representatives of all the States. That is the reason for the character of government Washington has. But the minute home rule is granted, think of what will happen. Look at the plat on the wall. A part of the rule comes from the President, a part of it comes from the Board of Commissioners, and there is mixed and dual control. I say here and now that home rule would bring about plenty of headaches. Especially would that be true at this particular time. I am sorry to say that here in Washington there are many Communists walking the streets, some of whom have the audacity to say, "If another war comes, we will fight for Russia instead of the United States."

Referring to the bondsman who had to forfeit the $22,500 he put up as a bond for Gerhart Eisler, personally I wish we could get that much money as a result of about 500 more Communists in the United States jumping their bail, and going back to their own country. I wish we could pick up that much money as a result of Communists jumping their bail and leaving the country. I am in favor of letting everyone who says he would fight for another nation in the event that nation went to war with the United States go back to that nation, or be sent back to it now. I believe Senators can find such persons floating around here in the city of Washington.

We the people of the Nation have control of the city of Washington now. Remember that 2,000,000 organized Communists are in charge of the Government of Russia now. Compare that number with the total population of Russia. Bear in mind what a small percentage that organized number represents when compared to the total population of the country. So long as the representatives of all the States are in control in Washington I believe we are, to a certain extent, protected against any such thing as happened in Russia. If it were not for the situation that now exists here, how easy it would be for a comparatively small number to rush in and take over.

I shall present to the Senate before I get through, though it may be late this evening before I shall be able to do it, the comparative percentages of those who are permanent residents of the District, and those who retain residence in their States. When Senators find the percentage of persons who could take no part in the local government, they will readily see that the voting possibilities within the District will be cut down.

Speaking of voting possibilities in the District, how many members of Senators' staffs desire to keep their voting residence back home? How many of their wives desire to keep their voting privileges back home? How many persons employed in government, for whom Senators have secured jobs, and who are hoping to secure promotions through the Senators who secured the jobs for them, desire to retain their voting rights in their own States? Some may say there is no politics in securing promotions, and no politics in securing jobs, but so long as ours is a democratic form of government it is but natural that individuals will expect favors in return for favors received. That is human nature, and we cannot get away from it.

Persons who have Government jobs hope to secure promotions, and everyone who hopes to secure a promotion is not going to jeopardize the vote he may cast for a Senator at home by accepting the privilege of voting in the District of Columbia. Does any Senator think such a person would exchange his vote in the State of his residence for a vote in the District? Excluding such persons from the total number who would vote in Washington would cause a considerable reduction in the total number who would vote here.

Mr. President, the situation in the District of Columbia is different from that in any State of the Union. The amendment which some of us have submitted would give the people the right of referendum on the question of segregation. The District has not been permitted to exercise the right of referendum on that particular issue. Only Congress can give them that right. When such a vote has been taken, that much will have been decided. I think to a certain extent we are taking a chance in that respect. Then let the Board or council pass upon the question and use its influence to secure passage of a measure dealing with the subject, however it may be determined. Let the people exercise their voting right and say what their wishes are in the matter. As we see it, it would be the democratic way to proceed. It would give the people the right we think they should have. For that reason I want to have a vote on the amendment, so as to see what is going to happen on that issue. If the amendment is adopted, and that right is given the people of the District, we will proceed further in the debate on the bill and determine what to do. But not until the Senate takes action on this particular issue of giving the people the right to decide whether they want segregation, will I care to consider what further action should be taken.

Mr. STENNIS. Mr. President, I shall address myself briefly to the pending amendment to the bill. As I understand the situation, the amendment permits the District Council to pass ordinances and legislative proposals which would change the laws, policies, customs, rules and regulations relating to racial segregation in the District, but requires that each such ordinance, and legislative proposal, would have to be approved by the voters of the District in a referendum before the proposed change would become effective.

Further, with reference to the operation of the bill, I understand that most of these major changes would also have to be submitted to the Congress, but unless the amendment is adopted there would be no referendum by the people on those questions.

Mr. President, I shall address myself primarily to the question of segregation in the public schools as it comes up under the amendment. I think anyone who comes from the area from which I come, where the races are virtually evenly divided, and where, in major part they get along so well together, owes it to the other Members of the Congress to give his opinion on this most serious and far-reaching question.

I do not think any more serious setback could come to the future educational advancement and opportunities of members of the Negro race than to have the policy of nonsegregation forced upon the people of any area without their consent. I shall not so much argue in favor of segregation itself—although there is no doubt in my mind that it is far better for all concerned, where the races exist together in appreciable numbers, that they go their separate ways, particularly with reference to matters of public schools and related social activities. I think that is almost the unanimous opinion of the thinking people of both races in areas where they live together in appreciable numbers. I do not think that will be seriously contradicted by any unbiased mind, or from any unbiased source.

I wish to repeat and emphasize that I do not believe there could be a more serious setback to the future educational opportunities and advancement of members of the Negro race than to have nonsegregation in the public schools forced upon the people of any area without their consent. Under the terms of the proposed law, if the city council of the District should order this change, the question would then be submitted to the Congress; and if the Congress failed to reject the proposal within 45 days, it would become law. With all due deference to Members of Congress, this is one of the questions which, if submitted to Congress, would not receive fair consideration on the merits and apart from political implications. That is true of a few other subjects, but particularly with reference to inflammatory questions like this. I do not believe that it would be possible, under the political circumstances throughout the United States, for that question to receive the fair, impartial, calm, deliberate consideration to which it is entitled from Members of Congress. As a practical matter, I think a great number of outside inflammatory influences would be injected into that question, influences which do not belong there. In the final vote perhaps some Members of the Congress would be influenced by such considerations. So as a practical matter, I do not believe that plan would be a solution for this serious and far-reaching question.

On the other hand, under the provisions of the amendment which has been offered by the senior Senator from Mississippi, there would be the best test for

matters of this kind that we could possibly have. It is true that we have a representative form of government. However, the people cannot vote on every question which arises. But on a question as far-reaching and serious as this, a question so inflammatory and affecting to such a great extent the social lives of the people and their daily activities, their backgrounds, and their thinking, the people should have a voice. I do not know of a more fit subject for a plebiscite. Moreover, I submit that it is absolutely necessary. I believe that if we proceed under a system which fails to provide for a vote of the people on such a far-reaching and serious change, we shall be headed for most serious trouble in the District, a trouble which will perhaps spread to other areas and prejudice the minds of many calm, thinking people against the rights of the colored race to a fair share in the educational opportunities of the times.

I am quick to say that I favor giving the colored race a fair share of the educational opportunities of our time. However, I feel that I would be greatly derelict in my duty if I did not point a warning finger at the precedent which the Congress is asked to set. In the interest of the educational opportunities of the colored race, I plead with Members of this body to consider this question most solemnly and seriously, and invoke a plebiscite, a vote of the people. That is the only procedure by which this most serious question can be adequately dealt with or satisfactorily solved.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. EASTLAND] for himself and the Senator from South Carolina [Mr. JOHNSTON].

Mr. HENDRICKSON. Mr. President, I suggest the absence of a quorum.

Mr. HOLLAND. Mr. President, will the Senator withhold his suggestion of the absence of a quorum for a moment? I should like to ask the senior Senator from Mississippi [Mr. EASTLAND] some questions.

Mr. HENDRICKSON. I gladly withhold it.

Mr. HOLLAND. Mr. President, will the senior Senator from Mississippi answer a few questions?

Mr. EASTLAND. Certainly, Mr. President. However, I do not want to have this counted as one of my speeches on the amendment.

The PRESIDING OFFICER. The Senator from Florida [Mr. HOLLAND] has the floor.

Mr. HOLLAND. The first question I should like to address to the senior Senator from Mississippi is this: Is it his understanding that the amendment which he and the Senator from South Carolina [Mr. JOHNSTON] propose makes no change in the handling of legislation to provide for a policy of nonsegregation in the District, as compared with any other legislation, except that after everything else is accomplished to make the legislation effective, a referendum would be required among the people of the District of Columbia for their approval or disapproval?

Mr. EASTLAND. That is correct.

Mr. HOLLAND. Would those who participated in such a referendum be the same persons, qualified in the same way, as those who would participate in the election of members of the city council?

Mr. EASTLAND. That is correct; and the referendum and the election would be held at the same time.

Mr. HOLLAND. Would the referendum come up at the next regular election in the District?

Mr. EASTLAND. That is correct.

Mr. HOLLAND. Is the referendum proposed here identical in type with the referendum which would be required under the proposed act before the charter itself could be accepted?

Mr. EASTLAND. As I understand, it is.

Mr. HOLLAND. Is the referendum proposed in this amendment identical with the referendum which would be required in the case of a proposed bond issue in the District of Columbia?

Mr. EASTLAND. It is identical with that for a bond issue.

Mr. HOLLAND. And no further or additional requirement would be imposed in connection with legislation on this subject, as compared with any other type of general legislation for the District of Columbia?

Mr. EASTLAND. That is correct.

Mr. HOLLAND. Other than the referendum?

Mr. EASTLAND. That is correct.

Mr. HOLLAND. I should like to ask the Senator another question. Is it his understanding that under the amendment there would simply be added to the two matters as to which referenda already are required under the proposed measure—namely, the acceptance of the charter and the approval of any proposed bond election—a third matter, namely, a change from a segregated policy to a policy of nonsegregation?

Mr. EASTLAND. That is absolutely correct. The amendment simply provides that the people themselves shall decide that matter—the matter of the schools for their children; and in the plebiscite, both races will vote.

Mr. HOLLAND. I should like to ask another question. I was impressed by one of the arguments made by one of the distinguished Senators, to the effect that he felt it would be better to have this question decided in the beginning, before the proposed legislation became effective, rather than to have it present as a continuing trouble in every election thereafter.

Is the Senator from Mississippi in accord with that statement?

Mr. EASTLAND. No, I am not in accord with that statement. Conditions are changing from time to time and I think this is a matter for the people of the District of Columbia to handle. If the people of the District 10 years from now or 20 or 25 years from now have a desire to adopt a different policy from that which they desire at this time, they would have a right to do so.

Under the amendment, if the Commissioners decide to change the policy, the people shall vote on that matter at the next election. In other words the amendment simply provides that in such case the people shall have the right by plebiscite to cast their ballot.

Mr. HOLLAND. I thank the Senator from Mississippi.

Mr. KEFAUVER. Mr. President, the committee in considering this bill endeavored not to go into the matter of segregation or nonsegregation. The issue presented here is that of giving the people of the District of Columbia suffrage for a certain purpose, under a home-rule bill. The question of segregation or nonsegregation is not affected in the District of Columbia one way or the other by this bill, as I view it. The junior Senator from Georgia [Mr. RUSSELL] was quite right in stating that this was not a civil-rights measure. The status quo is not disturbed.

At the committee meeting, Clark Foreman and certain others appeared and proposed that in the proposed charter an FEPC amendment be included. They asked that nonsegregation provisions be included. At that time the committee decided to reject any FEPC amendment or any antisegregation provision. I stood with the committee then, I stand with the committee now. The issue on either side of the question has no pertinence in considering this bill.

So far as I am concerned, I do not think the rules about segregation in the schools are going to be changed. They will not be changed because of this bill. The ultimate decision would have to be submitted to Congress just as it is now.

Home rule and reorganization of the District are attempts for better government. To confuse these issues with the one of civil rights can only be done in an effort to create confusion as the civil-rights issue is not involved. In a city charter the council elected by the people will follow the dictates of the people. This is a fundamental principle of representative government. This proposal for a referendum on each issue involved violates that principle and I know of no city charter which singles out a particular issue of this kind. It is not done in the charter of Richmond, New Orleans, Oakland, or Baltimore.

The status quo on segregation is further protected in that if the council should pass a legislative recommendation changing any segregation law it would have to be submitted to the Congress and to the President before it could become effective. That is made clear under the terms of the act so that Congress has the same, if not a greater right in the matter than it does now. And, in addition, the council is not likely to take any action against segregation unless a preponderance of the people approve. My personal opinion is that no council representing the city at large is apt to disturb the present status on so vitriolic an issue.

We have a broad basis for the electorate in the District of Columbia, where only 22 percent of the residents are Negro. About the same percentage of the residents of Baltimore are Negroes, and segregation is in effect in Baltimore. I think a somewhat larger percentage of the population in Richmond, Va., is Negro, and Richmond has the same system of government that now is proposed for the District of Columbia, and there is no

provision in its charter such as being proposed here.

The difficulty about getting into the subject of the pending amendment is that if we do so, we immediately stir up the idea of amendments on the other side of the question. That is, we would have FEPC amendments proposed and also antisegregation proposals would be presented. Accordingly, the bill does not deal with the matter one way or the other, and we cannot afford to go into the issue where it is not properly involved.

Of course, Mr. President, I suppose that, theoretically, in a government every issue should be voted on by the people. But under our system of representative government this cannot be done, and I know of no city charter anywhere in the United States which allows referenda on issues of this kind. The city council will be elected by about 250,000 domiciliary residents, plus the 100,000 residents of the District of Columbia from other parts of the Union and who are domiciled elsewhere. The only requirement is 1 year's residence. In such case they will have a right to participate. Accordingly, we shall have a very broad and intelligent electorate.

In that connection, Mr. President, I think the figures show that the education of the average person in the District of Columbia is somewhat higher than the education of the average person in most of the other cities in the United States.

Speaking for myself personally, I would not have a great deal of personal objection to such referenda, but it violates the principles and basis of this charter. It is contrary to the system of representative government contained in this proposal. I must speak for the committee, and the committee decided not to go into the matter one way or the other. I fear acceptance of this amendment would inspire FEPC amendments and other proposals which would defeat the bill.

There is one question I might ask the Senator from Mississippi: Ordinarily a referendum is held only on the petition of a certain number of voters. This amendment would make it mandatory that such a referendum be held, regardless of whether anyone was interested in the matter.

Mr. EASTLAND. Will the Senator please repeat the question?

Mr. KEFAUVER. I said that ordinarily a referendum is held only on the petition of a certain number of voters. For instance, there might be a small tennis court or some other minor matter in which the people generally were not interested. So I wonder whether the Senator from Mississippi has considered including in his amendment a provision for a petition by a certain number of voters. In all city charters I know of referendum is only granted upon petition of a percentage of voters.

Mr. EASTLAND. No such provision is now contained in the amendment. The amendment provides that when the Commissioners decide to take this step, the question shall be decided by the vote of the people. In other words, affirmative action by the city council will be necessary before the referendum will be held.

Mr. KEFAUVER. The question I was raising is that in the ordinary city charters in which referenda are provided for, a referendum is usually called for upon a petition signed by a certain number of voters. Of course, there conceivably might be considerable expense involved in having a referendum. I wonder whether the Senator from Mississippi has considered a provision which, after the other machinery had worked, would test the sentiment of the voters to see whether sufficient of the voters were interested in the subject to warrant having a referendum; in other words, an amendment to provide that only upon a petition by a certain percentage of the eligible voters in the District of Columbia, the Board of Election should call for an election and referendum.

Mr. EASTLAND. Such a provision might do; but I do not see how we could improve on what the amendment as we have submitted it provides. In other words, if the Commission decided to take such a step and if the people were faced with that condition, then they would determine it themselves.

Mr. President, let us be perfectly frank about this matter. I think most people will concede what is going to happen to the schools in the District of Columbia unless the people have a chance to pass on the question of segregation.

If we believe in democracy and in placing the destiny of the people in the hands of the sovereign people, then we are bound to favor this amendment, because it simply provides that the people shall vote on such a provision before the Commissioners shall place it in effect.

Mr. KEFAUVER. Mr. President, in my honest opinion the rules about segregation will be less likely to be changed, or at least a change in them will be delayed longer, certainly, if the matter is left originally to a council selected by the people of the District of Columbia by the intelligent electorate of the District of Columbia, rather than the way the matter stands at present, for this would require affirmative action by the council and then submission to Congress before any change could be made.

Of course, under this bill Congress has the power—as it inherently has—to do anything about the situation in the District of Columbia that it wishes to do. That is expressly stated in section 404.

Mr. EASTLAND. The amendment certainly puts no stumbling block in the way of the exercise of the will of the people.

Mr. KEFAUVER. I think the Senator is distressed about the way the situation has been going in the District during the past year or the past few months. I believe there would be less likelihood of nonsegregation rules and laws being put into effect under the pending bill than there would be under the present situation. That is my honest judgment.

Mr. EASTLAND. I do not know about that.

Mr. KEFAUVER. Anyway, Mr. President, following the direction of the committee, I am not authorized to accept the amendment. The present position is that we did not want to go into it on one side or the other, that it was not germane, that it was not an issue to be considered. That is the position of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. EASTLAND], for himself and the Senator from South Carolina [Mr. JOHNSTON].

Mr. HENDRICKSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Holland	Neely
Brewster	Humphrey	O'Conor
Bricker	Hunt	O'Mahoney
Bridges	Jenner	Pepper
Byrd	Johnson, Colo.	Reed
Cain	Johnson, Tex.	Robertson
Chapman	Johnston, S. C.	Russell
Connally	Kefauver	Saltonstall
Donnell	Kem	Schoeppel
Douglas	Knowland	Sparkman
Downey	Langer	Stennis
Eastland	Lodge	Taft
Ecton	Long	Taylor
Ellender	Lucas	Thomas, Okla.
Ferguson	McCarran	Thomas, Utah
Flanders	McCarthy	Thye
Frear	McClellan	Tydings
Fulbright	McFarland	Vandenberg
Graham	McKellar	Watkins
Green	McMahon	Wherry
Gurney	Magnuson	Wiley
Hayden	Martin	Williams
Hendrickson	Maybank	Withers
Hickenlooper	Millikin	Young
Hill	Murray	
Hoey	Myers	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment submitted by the Senator from Mississippi [Mr. EASTLAND] for himself and the Senator from South Carolina [Mr. JOHNSTON].

Mr. HOLLAND. Mr. President, there have been two amendments submitted, one Friday to lie on the table, which is not the one we are considering at this time, and an amendment which has been offered today for the first time by the Senator from Mississippi [Mr. EASTLAND] for himself and the Senator from South Carolina [Mr. JOHNSTON]. I want to speak briefly on the question, because it seems to me there is such a fundamental difference between the two amendments that I would have strongly to oppose one amendment but will support the other, the one which is now pending.

In the amendment which was offered by the two Senators last week, and which is on the desk of all Senators this morning, it was proposed, in effect, that whenever there was any suggestion made for a change in the matter of racial segregation in the District of Columbia, the question would first be submitted, by vote of the city council, to the board of elections, to be made the basis of a referendum election in the District; that the referendum should by no means be conclusive, but that the result should be reported to Congress, and any change in the matter should be made only upon the passing of appropriate legislation by the Congress, approved by the President.

Mr. President, I was strongly against that amendment, and I am glad the Senators have not offered it. I was

against it because it took the subject entirely out of the field of home rule. It took it entirely away from the jurisdiction of either the people of the District of Columbia or their representatives, the District council to pass upon this subject matter, which, of course, is a vastly important one to the people of the District.

Mr. President, this morning the two Senators have offered the pending amendment, which is so completely different in form, not departing at all from the sound principle of home rule, that I thing it should be adopted. I think it will help the bill, and I think it will help the cause of clean politics in the District of Columbia after the bill is passed. I am one of those who are strongly in favor of the bill and want to see home rule prevail in the District as quickly as possible.

Under the amendment as it has been offered this morning, Mr. President, this will be the procedure, namely, that legislation which would depart from the traditional custom and law of segregation between the races in the District of Columbia would have to be passed in exactly the same way, through exactly the same machinery, and receive exactly the same consideration as would any other legislation relating to the District of Columbia, other than in the case of bond issues. As to this particular legislation, it would then be classified with bond issues in importance, in that, after having passed through all of the other machinery, it would then be submitted to a referendum vote of the qualified electors of the people in the District of Columbia.

That, in effect, would simply constitute a finding by the Congress of something which I think every Member of Congress knows already, that this is a vital subject matter in the District of Columbia and is entitled to have just as great importance in the consideration of the people of the District as are two other matters which are made the subject of necessary referenda by the bill. The first of those matters is, of course, whether the charter itself should be accepted. I invite the attention of the Presiding Officer and the other Senators to the fact that it is required under the provisions of the charter that before it can become effective, it must be submitted to a referendum vote of the qualified electors in the District of Columbia and must be approved as a result of that referendum vote.

I think that is sound democracy. The committee evidently thought it was sound democracy, because the committee included in the bill the specific provision that a referendum election must be had, and the charter must be approved by the qualified electors who are residents of the District of Columbia, before it can become effective.

The second matter which, in the judgment of the committee, and as shown by the provisions of the bill, was considered of such importance as to require the submission of the matter to referendum elections from time to time, was the question of whether or not the District should be bound by any proposed bond issue. A bond issue, of course, is an encumbrance against the future, an encumbrance against the properties, an encumbrance against the earning power of the residents of the District from that time forth until the bonds are paid, and under the wording of the bill the charter provides that a bond issue from time to time, whenever such issue is suggested, must pass through the ordinary channels of legislation, and then, having passed through those channels, must be submitted to the people themselves in a referendum election before it can be approved and become binding upon the people and the properties of the District of Columbia.

Mr. President, it is of course an arguable question as to whether the question of segregation or nonsegregation is a matter of as much importance as the adoption of the charter itself or as the approval from time to time of any bond issue. But I think it does not require any stultification on the part of any Member of the Senate to find, with his practical knowledge of all the discussion that has gone on, and the feeling that is involved, and considering all the property values involved, and the numerous other questions, that here is another subject matter which may properly be submitted to the people themselves in a referendum election, and that no rule of democracy whatever is violated by so doing, and that certainly no principle of home rule is violated by so doing, because the people themselves in the District of Columbia would be the final judges of the question of whether or not the new proposal would replace the old law, the old custom, of segregation in the District.

Mr. President, I am therefore going to vote for the amendment, and I hope other Senators will vote for it, because I think it will not only expedite the passage of the pending measure in the Senate, important as it is to the people of the District of Columbia and the people of the Nation, and I believe it will expedite its passage in the House of Representatives, but I think it will make simpler and sounder the politics in the District after that time.

I call to the attention of the Members of the Senate the fact that if, under the proposed charter, a situation is left whereby the members of the school board, for instance, can themselves make the rulings from year to year or from time to time as to whether segregation or nonsegregation shall apply in the schools, that issue will become the most important issue and the most violently debated issue in every election for the choice of the members of the school board of the District. I should not like to see that come about. I should like to see a situation under which people would be chosen to be members of the school board—a very important body, as it will be—on the basis of their interest in education, on the basis of their ability to promote a sound and improving school system in the District of Columbia. I should not like to see every issue clouded by the question as to what the attitude of any candidate on this point was.

Then, with reference to the nine members of the Council who will be elected by the qualified electors in the District, again I say that I think they will be better people, and more willingness to run will be found on the part of excellent, upstanding, and high-standing citizens, if that question is not to be a dominant question, to be injected in every race that is to be run, and if people will know from the very beginning that the only way by which a change can be accomplished in this important field is for the people themselves to say that they prefer to go out from under the old system and in under a new system which they themselves will have chosen.

Therefore, Mr. President, I think the adoption of the amendment will be wholesome, and I approve it. I call to the attention of the Members of the Senate the fact that, so far as departing from sound democracy or from home rule is concerned, many of the States and cities where it is claimed most progressive and most down-to-date democratic government prevails do have the referendum provided, under which not just in one or two matters but in all matters, or in many matters, by the simple petition of a small number of electors, a referendum may be required.

It is no departure from sound democracy, it is no departure from home rule. I think the only thing Congress would be concerned about would be if this were an amendment in which home rule itself were being diminished. I think that, to the contrary, this is an amendment which not only preserves home rule, but puts it in a place where home rule is really needed, that is, in a decision by the people themselves, the property owners, the citizens, who are given final power to pass on this troublesome question—and it will always be a troublesome question.

So I hope the amendment will be agreed to, and on behalf of those who are strongly supporting the pending measure, but who believe this amendment should be adopted, it should be clearly understood by all Senators present that the amendment which is now offered, and upon which we are about to vote, is by no means the amendment which was offered a few days ago and printed and laid on the table, but, on the contrary, that this amendment very carefully preserves the true, strict principles of home-rule government.

Mr. HENDRICKSON subsequently said: Mr. President, I had hoped last Friday to speak upon Senate bill 1527. I was deprived of that privilege by a subcommittee meeting which I was obliged to attend. At today's session the final vote on this measure came so suddenly that I withheld my formal remarks.

I therefore ask unanimous consent to have printed in the RECORD, ahead of the vote on the amendment of the distinguished Senator from Mississippi [Mr. EASTLAND], a statement which I have prepared on this subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, I shall not delay the Senate long but the issue before us is so much a part of our way of life past and present, that I cannot resist a sense of duty which tells me that to avoid a positive and vigorous declaration on the question, in the affirmative, would be to shirk my full responsibility. At the outset, Mr. President, I would like to express a word or two of commendation and tribute to our distinguished colleague, the

junior Senator from Tennessee, for his very able generalship and his untiring and unselfish effort in the development of this issue, namely, S. 1527, for our consideration.

To me, his direction and guidance of the measure will always be an outstanding example of the manner in which real statesmen treat with a legislative problem fraught with many political difficulties. I will not attempt to review the long and arduous course which has too long delayed proper action on this basic principle of government under our democratic processes. This would only be to repeat portions of the eloquent presentation of my good friend from Tennessee, but I do want to say, Mr. President, that the present plight in which the people of the District of Columbia find themselves is no credit to the Congress of the United States. In five short months of service here I have witnessed a form of local government which, from my point of view, is not only cumbersome and archaic but also impracticable and unworkable, if not obsolete. To me it is amazing that the District of Columbia under its present structure of government has done as well as it has, but because it has gotten by after a fashion is no good reason to permit it to continue to be a blot upon the escutcheon of decent government.

As has been so well stated, this Capital, Mr. President, is now a world symbol of the democratic processes of government, and certainly if any city in America should be well managed that it might be the sterling example of local government for the rest of the world to follow, it is the city of Washington, D. C.

Why, Mr. President, when at the end of the combat of World War II our Government became a party to a quadripartite management of the great cities of Berlin and Vienna, I was shocked beyond belief, for I knew from my modest experience in local government that such an arrangement at the international level could never work, nor has it worked. Had the planners, Mr. President, of the occupation of these two great cities, used basic common sense, our distinguished generals would never have been confronted with many of the dilemmas which have faced them over the past 4 years.

But I have not arisen, Mr. President, to discuss the mistakes of Yalta, Tehran, and Potsdam; I only mention these fantastic designs for the direction, operation, and rehabilitation of two of the greatest local governments in the world, in contrast with the hodgepodge operations which take place here in our own Nation's Capital—and may I say that the contrast has some very similar aspects insofar as inefficiency and general confusion are concerned.

If we are to have the sort of sane, efficient, responsive local governments that American communities everywhere have been diligently striving for during the past quarter of a century, the effort must be in the direction of autonomy, not in the direction of division and discord—of duplication and overlapping and of waste. Nothing is so important to a well-managed municipality as local pride and, Mr. President, it is utterly impossible to have local pride when the citizen is virtually a foreigner to the local controls with nothing to say about them and without any semblance of power to correct them where they are violated. It may be that here in the District there are a few citizens who are able to get into the inner circle which gives them access to the present disinterested and absentee control, but Mr. President, this is not the type or style of citizenship which helps to build a greater and stronger democracy and it is this thing I call absentee control to which in the main I would address myself. We who are Members of the Congress under the present laws are the persons directly responsible for the fact that Washington, D. C., is not the exemplification of what the world's greatest capital should be and yet we escape that responsibility because the administration of too many of our hastily considered mandates affecting the District is in the hands of Commissioners quite separate and apart from us and our responsibilities. Let us at least be fair—we all know, particularly those of us who have had service on the District Committee, that the demands upon our time from our constituents alone are much too great to permit us to properly and adequately consider the needs of the District, and then to add to this, under our system of seniority, what happens? Well, for the most part, Mr. President, virtually all of the freshmen Members of the Congress, or at least I have found this so in the Senate, are assigned to the District Committee. They know virtually nothing of the District or its needs and, therefore, are at the mercy of local officials whose records may or may not coincide with those standards which the Members of Congress have known back home. But aside from confirmations in the Senate, the Members of Congress have no say over the administrative officials whatsoever.

Mr. President, these remarks are not intended as criticisms of anyone in the local government of the District of Columbia, but they certainly clearly illustrate the fact that the Congress is exercising the power which under present circumstances violates both legally and morally every aspect of the free processes of government as they were transmitted to us by the founding fathers.

Mr. President, the bill under consideration has had long and careful study—its counterpart in the Eightieth Congress under the able sponsorship of my distinguished colleague from New Jersey, JAMES C. AUCHINCLOSS, should have had favorable consideration a year ago so that there is little that I, as a new Member of this great body, can offer in any attempt to purvey its many admirable features and purposes. The distinguished Senator from Tennessee has done this beyond my limited ability to add or detract. This much I do want to say, in conclusion, Mr. President, and that, namely, that the debates of some 2 weeks ago on the sales-tax issue, standing alone, should be sufficient to convince anyone that the business of Congress is too much involved with the great national and international problems to allow for the time to properly regulate the affairs of a strictly local government from a national level. Under our conception of liberty and freedom, under our conception of well-ordered law, the situation which awaits solution at our hands is a shocking contradiction and when we, the Members of the Senate of the United States, stop to think that it has been foisted upon an intelligent population of now over 900,000 free men and women, I have an intuitive feeling that the simple decency and common honesty which is within every Member of this body will prompt us to say with unanimity that the people of the Nation's Capital are entitled to the same privileges and rights which we have enjoyed back in those great sovereign States of whose policies and principles we should be living symbols.

Let us here in the United States Senate show by our action on this measure that the two major parties mean what they say when they promise a common course of action on a specific measure.

The PRESIDING OFFICER (Mr. HUNT in the chair). The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. EASTLAND] on behalf of himself and the Senator from South Carolina [Mr. JOHNSTON].

Mr. HENDRICKSON. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TAFT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. EASTLAND. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. EASTLAND. Has any business been transacted since the previous quorum call?

The PRESIDING OFFICER. The Senate agreed to the order of the yeas and nays, which constitutes business. The clerk will proceed with the roll call.

Aiken	Holland	Neely
Brewster	Humphrey	O'Conor
Bricker	Hunt	O'Mahoney
Bridges	Jenner	Pepper
Byrd	Johnson, Colo.	Reed
Cain	Johnson, Tex.	Robertson
Chapman	Johnston, S. C.	Russell
Connally	Kefauver	Saltonstall
Donnell	Kem	Schoeppel
Douglas	Knowland	Sparkman
Downey	Langer	Stennis
Eastland	Lodge	Taft
Ecton	Long	Taylor
Ellender	Lucas	Thomas, Okla.
Ferguson	McCarran	Thomas, Utah
Flanders	McCarthy	Thye
Frear	McClellan	Tydings
Fulbright	McFarland	Vandenberg
Graham	McKellar	Watkins
Green	McMahon	Wherry
Gurney	Magnuson	Wiley
Hayden	Martin	Williams
Hendrickson	Maybank	Withers
Hickenlooper	Millikin	Young
Hill	Murray	
Hoey	Myers	

The call of the roll was resumed and concluded.

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. EASTLAND], on behalf of himself and the Senator from South Carolina [Mr. JOHNSTON]. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The roll was called.

Mr. MYERS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], and the Senator from Rhode Island [Mr. MCGRATH] are absent on public business.

The Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. MILLER], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE] is absent on official business.

If present and voting, the Senator from New York [Mr. WAGNER] would vote "nay."

I announce further that on this vote the Senator from Georgia [Mr. GEORGE] is paired with the Senator from Rhode Island [Mr. MCGRATH]. If present and voting, the Senator from Georgia would vote "yea" and the Senator from Rhode Island would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Nebraska [Mr. BUTLER] are absent by leave of the Senate.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New York [Mr. IVES] are necessarily absent.

The senior Senator from Oregon [Mr. CORDON], the Senator from Nevada [Mr. MALONE], the junior Senator from Oregon [Mr. MORSE], and the Senator from New Hampshire [Mr. TOBEY] are detained on official business. If present and voting, the junior Senator from Oregon [Mr. MORSE] would vote "nay."

The Senator from South Dakota [Mr. MUNDT], who is absent by leave of the Senate, is paired with the Senator from Maine [Mrs. SMITH], who is absent on official business. If present and voting, the Senator from South Dakota would vote "yea" and the Senator from Maine would vote "nay."

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay."

The result was announced—yeas 27, nays 49, as follows:

YEAS—27

Byrd	Hill	O'Conor
Chapman	Hoey	Reed
Connally	Holland	Robertson
Eastland	Johnson, Tex.	Russell
Ellender	Johnston, S. C.	Schoeppel
Frear	Long	Sparkman
Fulbright	McClellan	Stennis
Gurney	McKellar	Tydings
Hayden	Maybank	Withers

NAYS—49

Aiken	Jenner	Neely
Brewster	Johnson, Colo.	O'Mahoney
Bricker	Kefauver	Pepper
Bridges	Kem	Saltonstall
Cain	Knowland	Taft
Donnell	Langer	Taylor
Douglas	Lodge	Thomas, Okla.
Downey	Lucas	Thomas, Utah
Ecton	McCarran	Thye
Ferguson	McCarthy	Vandenberg
Flanders	McFarland	Watkins
Graham	McMahon	Wherry
Green	Magnuson	Wiley
Hendrickson	Martin	Williams
Hickenlooper	Millikin	Young
Humphrey	Murray	
Hunt	Myers	

NOT VOTING—20

Anderson	Gillette	Morse
Baldwin	Ives	Mundt
Butler	Kerr	Smith, Maine
Capehart	Kilgore	Smith, N. J.
Chavez	McGrath	Tobey
Cordon	Malone	Wagner
George	Miller	

So the amendment offered by Mr. EASTLAND for himself and Mr. JOHNSTON of South Carolina was rejected.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment——

Mr. LODGE. Mr. President, I should like to ask a question of the Senator in charge of the bill: Am I correct in my understanding that the bill does not in any way touch upon the question of representation for the District of Columbia in the House of Representatives?

Mr. KEFAUVER. It does not in any way affect the representation in the House of Representatives or the attendance of delegates to the House of Representatives.

Mr. LODGE. Am I correct in my belief that the bill does not in any way affect the matter of Senators for the District of Columbia?

Mr. KEFAUVER. It does not.

Mr. LODGE. I thank the Senator.

The VICE PRESIDENT. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 1527) was passed.

PRICING PRACTICES—MORATORIUM

Mr. MYERS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1008, Calendar 284.

The VICE PRESIDENT. The bill will be read by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1008) to provide a 2-year moratorium with respect to the application of certain antitrust laws to individual, good-faith delivered-price systems and freight-absorption practices.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Pennsylvania.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments.

The VICE PRESIDENT. The bill is open to amendment. The clerk will state first the committee amendments.

The first amendment of the committee was, on page 1, after line 2, strike out:

That because of widespread uncertainty resulting from recent administrative and judicial constructions of the Federal Trade Commission Act, as amended, and the Clayton Act, as amended, the Congress hereby declares that it is the sound and traditional policy of the United States that contracts, combinations, conspiracies, or monopolistic practices in restraint of trade are inimical to the public interest in maintaining a free, private, competitive enterprise system; but that it has not been the intent of the Congress to deprive individual companies of the right to use delivered price systems or to absorb freight to meet competition in any or all markets, provided such activities are carried on independently and in good faith, and not through any combination or conspiracy in violation of the Sherman Act, as amended.

SEC. 2. Until the expiration of two years after the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 2, line 11, after the amendment just above stated, to insert "That until July 1, 1950"; in line 16, after the word "independently", to strike out "use delivered price systems" and insert "quote and sell at delivered prices"; in line 17, after the word "freight", to strike out "to meet competition" and insert "for the purpose of engaging in competition in good faith"; in line 20, to change the section number from "3" to "2", and in line 22, after the word "on", to strike out "February 1, 1949", and insert "the date of approval of this act. The provisions of this act shall be operative with respect to any activities engaged in between the date of approval of this act and July 1, 1950, but shall not otherwise affect the enforcement of any order which was entered on or before the date of approval of this act."

The amendments were agreed to.

The VICE PRESIDENT. That completes the committee amendments.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

Mr. O'MAHONEY. Mr. President, just before the Senator from Pennsylvania [Mr. MYERS] moved that this bill be taken up for consideration, I had had a conference with him and with several other Senators with respect to a substitute which I desire to offer for the entire bill, as presented by the committee. The Senator from Maryland [Mr. O'CONOR], who is in charge of this measure, has been advised of the matter which I have in mind, as have also the Senator from Pennsylvania and the distinguished chairman of the Judiciary Committee, the senior Senator from Nevada [Mr. MCCARRAN].

However, it happens that a special executive meeting of the subcommittee on the independent offices appropriations bill is called for 2 o'clock this afternoon. Probably it will require at least an hour, a witness being there now, waiting for the members of the committee.

It is my understanding from the Senator from Pennsylvania and the Senator from Maryland that the plan now is merely to make an explanatory statement regarding the bill, and that I shall be afforded an opportunity to present the substitute which I have discussed with those Senators.

Of course I am aware of the exigency which exists in this connection. I wonder whether it would be proper for me, with the agreement of the Senator from Pennsylvania, to make a unanimous-consent agreement that after the explanatory speech of the Senator from Maryland has been made, and before final action is taken, a quorum call will be had, so that I may return to the floor of the Senate and discuss the measure.

Mr. MYERS. Mr. President, I had a brief discussion with the Senator from Wyoming not more than half an hour ago, and he presented to me the substitute which he intends to offer.

I told him that I should like some time to study his substitute, together with the explanation thereof. However, I have not yet had that time or that opportunity. I hope we may be able to get together and work out this matter to the satisfaction of all parties concerned.

At the present moment, all I can do is give assurance to the Senator from Wyoming that we certainly will have a quorum call so that he will have sufficient notice, after the remarks of the Senator from Maryland and the remarks of any other Senators who desire to express themselves in regard to the pending proposed legislation, before we reach a vote or any final understanding or agreement, so that the Senator from Wyoming may present his substitute and so that we may have some discussion of it.

Mr. O'MAHONEY. Mr. President, I am very grateful to the Senator from Pennsylvania.

Mr. WHERRY. Mr. President, reserving the right to object——

The VICE PRESIDENT. There is nothing before the Senate to which objection can be made.

Mr. O'MAHONEY. Mr. President, I withdraw my request, since the Senator from Pennsylvania has given me assurance that he will ask for a quorum call.

Mr. WHERRY. Before the final vote on the bill?

Mr. O'MAHONEY. Yes.

Mr. O'CONOR. Mr. President, American business and the buying public have few, if any, more vexing problems than that which is encompassed in the question of basing-point practices with which S. 1008, introduced by the senior Senator from Pennsylvania [Mr. MYERS], and now under discussion, has to do.

Judicial interpretations or administrative rulings have put the stamp of disapproval upon certain business practices which had been adopted and generally regarded as legal and proper. Immediately it was suggested that new substantive legislation should be enacted to clarify permanently the important questions involved, especially with regard to selling-price practices.

But at once it was realized that the emergency requires that until a complete study and extensive hearings can be conducted with regard to all phases of the problem, with its many ramifications, a moratorium should be declared holding in abeyance the preexisting situation, prior to the decisions and rulings to which we have referred.

The sole purpose, therefore, of this problem is to confirm the right of individual companies to use certain pricing practices until July 1, 1950, when there is no conspiracy and when the practices are pursued for the purpose of engaging in competition in good faith.

Definitely, there is no permanent legislation involved in this enactment. Neither is there an attempt to commit the Congress to a certain course of action, or, indeed, to any action at all. I think it is well that there be a general understanding and acceptance before we go into the detailed discussions of the proposals. For that reason, I should like merely to read one sentence from the text of the pertinent paragraph. Reading from page 2 of the amended bill, line 11, the words are as follows:

> That until July 1, 1950, the Federal Trade Commission Act, as amended, and the Clayton Act, as amended, shall not be construed as depriving individual companies, in the absence of conspiracy or combination or other agreement in restraint of trade, of the right to independently quote and sell at delivered prices or to absorb freight for the purpose of engaging in competition in good faith in any and all markets.

At the outset it might be well to give a brief history of the consideration which this measure has received, and which the general subject of pricing practices and policies has been accorded during this session of the Congress and during the Eightieth Congress.

In June of last year, by Senate Resolution 241 of the Eightieth Congress, the Committee on Interstate and Foreign Commerce was authorized and directed to conduct a full and complete inquiry into the existing legislation concerning Government policy affecting the activities of the Federal Trade Commission and the Interstate Commerce Commission, and the impact of these policies as interpreted by the Supreme Court, with particular relation to the basing-point or freight-equalization system of pricing, and the impact upon small and large business and upon the consumers of the United States of the maintenance or discontinuance of said system. The resolution also authorized inquiry into the status of business enterprise in the United States, to determine the extent and character of economic concentration, and the effect of such concentration, as well as the status of free competitive business enterprise as affected by transportation and Federal trade regulations.

A subcommittee composed of the senior Senator from Indiana, Mr. Capehart, chairman, the senior Senator from Maine, Mr. Brewster, the former Senator from New Jersey, Mr. Hawkes, the senior Senator from Colorado, Mr. Johnson, and the senior Senator from Connecticut, Mr. McMahon, conducted lengthy hearings, pursuant to committee action directing that under Senate Resolution 241 the first order of business should be a study of the impact on the national economy of the policies of the Federal Trade Commission, as interpreted by the Supreme Court with respect to delivered prices by industry, freight absorption by sellers, and the practice of sellers of absorbing freight to meet the competition of competitors located closer to the buyer.

The hearings held by this subcommittee of the Committee on Interstate and Foreign Commerce developed a great mass of testimony; and a bill—S. 236 of the Eighty-first Congress—proposing permanent changes in the Robinson-Patman Act and the Clayton Act, was introduced, and went through several drafts. When it became apparent that the problem of drafting permanent legislation would require a substantial period of time, the Myers bill, S. 1008, was introduced. The pending proposal seeks to provide a moratorium period during which the right to use certain pricing practices would be preserved, and within which the Congress might further study the problem to determine what, if any, action it wished to take with regard to permanent legislation.

Senate bill 1008 was referred originally to the Committee on Interstate and Foreign Commerce. However, the chairman of the Senate Committee on the Judiciary, the senior Senator from Nevada [Mr. MCCARRAN], feeling that the subject matter of the bill was a matter within the jurisdiction of the Committee on the Judiciary, expressed that view to the chairman of the Committee on Interstate and Foreign Commerce, the senior Senator from Colorado [Mr. JOHNSON]. The question of jurisdiction was considered by the Committee on Interstate and Foreign Commerce, which decided that both S. 1008 and S. 236 should be turned over to the Committee on the Judiciary; and this was done pursuant to Senate Resolution 76 of the Eighty-first Congress, approved February 28, 1949.

For the information of the Senate, I shall read the text of Senate Resolution 76, which is short. It is as follows:

> *Resolved*, That the Committee on Interstate and Foreign Commerce be discharged from further consideration of the bill (S. 236) to clarify and formulate a consistent and coordinated national policy with respect to transportation costs in interstate commerce; to strengthen the antitrust laws of the United States and to provide for their more effective enforcement; and to promote competition by permitting sellers to have access to distant markets, and the bill (S. 1008) to provide a 2-year moratorium with respect to the application of certain antitrust laws to individual, good-faith delivered price systems and freight-absorption practices, and that said bills be referred to the Committee on the Judiciary.
>
> SEC. 2. That there shall be transmitted to the Committee on the Judiciary an interim report of the Committee on Interstate and Foreign Commerce on said bills and the same shall be printed as a Senate document.
>
> SEC. 3. It is understood the Committee on the Judiciary will give such prompt attention to the bills as will permit early consideration of the subject matter by the Senate.

In conformity with the wish of the Senate, as expressed in the third section of Senate Resolution 76, which I have just read, the Committee on the Judiciary proceeded very promptly to consideration of S. 1008. Hearings were held on March 30 and 31 and April 1. Witnesses who testified at these hearings included the senior Senator from Pennsylvania, Mr. Myers, author and sponsor of the bill; the senior Senator from Colorado, Mr. Johnson, chairman of the Committee on Interstate and Foreign Commerce; the Honorable Francis E. Walter, Representative in Congress from the State of Pennsylvania; Mr. Robert B. Dawkins, associate general counsel, Federal Trade Commission; Mr. William Simon, former general counsel to the Senate Subcommittee on Trade Policies, which conducted the original hearings under Senate Resolution 241 of the Eightieth Congress; Mr. Angus McDonald, assistant legislative secretary, National Farmers Union; Mr. George J. Burger, vice president in charge, Washington office, National Federation of Small Business; Mr. W. D. Johnson, vice president, national legislative representative, Order of Railway Conductors; Mr. Otis Brubaker, research director of the United Steel Workers of America, CIO, Pittsburgh, Pa., and various representatives of industry.

It was the aim of the Committee on the Judiciary to keep the hearings as short as possible, and to avoid repetition of testimony already given before the subcommittee of the Committee on Interstate and Foreign Commerce. Therefore, a substantial majority of the hearing time was given over to opponents of the bill.

In the Committee on the Judiciary, the subcommittee which conducted the hearings was composed of the senior Senator from Nevada [Mr. MCCARRAN] chairman, the senior Senator from Wisconsin [Mr. WILEY], and the junior Senator from Maryland.

The action of the subcommittee in reporting the bill favorably to the full Committee on the Judiciary was unanimous. The vote by which the full Committee on the Judiciary reported the bill favorably to the Senate was 7 to 2.

Perhaps it would be well at this point to discuss the meaning of some of the terms generally used in describing the problem with which this bill is concerned.

One of these terms is basing-point pricing. There are, generally speaking, two kinds of basing-point pricing—a single-basing-point system and a multiple-basing-point system. In a single-basing-point system, all products of a given nature are priced to all buyers in all markets as though they all originated at a single shipping point, even though shipment may actually be made from that point or from any two or more different points. For some 50 years prior to 1924, a single-basing-point pricing system was employed in the steel industry, and this is the system commonly referred to as Pittsburgh plus. Under this system, steel was sold to buyers in all markets at f. o. b.-mill prices based upon the fiction that the point of origin for all shipments was Pittsburgh. Irrespective of the location of the mill from which he purchased, a buyer paid, under this system, the f. o. b. mill price; plus the rail freight cost from Pittsburgh to the point of delivery.

This practice was held illegal in the case of *Corn Products Co.* v. *Federal Trade Commission* (324 U. S. 726), decided in 1945. Senators should understand that the impropriety of the use of this practice has not been questioned in connection with the deliberations on Senate bill 1008, and the legality of this practice is not involved in any way in this bill. I have described this system simply to aid in a full understanding of the problem.

The difference between the single-basing-point system just described and a multiple-basing-point system is that the latter includes two or more points of origin from which transportation costs are computed, which points may or may not be the actual point of shipment in any particular case. Mills whose locations are used as basing points in determining transportation costs, under a multiple-basing-point system, are known as base mills, and other mills are known as nonbase mills. Customarily, under this system, there are substantially fewer price-basing points than there are points of production. Under this system the buyer pays the f. o. b. mill price plus the cost of rail transportation from the basing point which is closest to the point of delivery, whether the sale is made by a base mill or by a nonbase mill.

Under this system, therefore, the buyer might pay either the actual freight or some figure either more or less than the actual freight, depending on whether he bought a mill closer to the point of delivery or farther away from the point of delivery than the nearest basing point.

It will be seen that if every producing mill is a base mill, the buyer will never have to pay more than the actual freight; that is, he will never have to pay any phantom freight. For this reason, there are many who contend that the basing-point system does not embrace a practice where every mill is a base mill, because in such case only freight absorption is involved.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. O'CONOR. If the Senator will permit me, I should like to complete this one general explanation of terms, after which I shall be delighted to yield to my friend from Louisiana.

This contention is not universally recognized, and the difference of opinion on this point is a good illustration of how disagreements on this subject have resulted from different meanings being given the same words by different people.

As I have pointed out, under the multiple-basing-point system, it is possible for a buyer to make his purchase from a producer whose base mill is located farther from the point of delivery than is the base mill of some other producer; and in such a case the buyer pays the seller the f. o. b. mill price plus the freight from the closest base mill; that is, plus a sum which is less than the actual cost of transporting the commodity to the buyer. In such case the seller is said to absorb a part of the cost of transportation; and this practice is what is generally known as "freight absorption."

I have already given one instance of "phantom freight"; namely, the case in which the base mill is farther from the point of delivery than is the producing mill, so that the buyer pays the seller the f. o. b. mill price plus a sum greater than the actual cost of transportation involved in the transaction. Another instance of "phantom freight" arises under a practice which has sometimes been used of charging a delivered cost based upon all-rail freight rates, even though the commodity might have been shipped by water or truck at a lower rate. In this case also it will be seen that the buyer pays on account of transportation costs a sum greater than the actual transportation costs. This excess also is known as "phantom freight." In point of fact any form of additional charge to the buyer on account of transportation which represents more than the actual cost of transportation in connection with the transaction may properly be referred to as "phantom freight."

The basing-point pricing to which I have just referred has been used primarily in heavy goods industries. A somewhat similar practice used in many industries encompasses the sale of commodities at a delivered price uniform to all buyers, or at a delivered price uniform to all buyers in a given area or zone, without regard to the variation of actual cost of transportation to any individual buyer. When the delivered price is uniform to all buyers throughout the country the practice is generally known as a national uniform delivered price. Such a pricing system is used, for instance, in the sale of candy bars and chewing gum, cigarettes, many nationally advertised products, and many thousands of other products for which the seller charges the same price to buyers in all sections of the country without regard to the point of delivery. The same "pricing practice," if I may use the term in this connection, is used by the Post Office Department in charging for the carriage of mail. In the case of first-class mail the cost of transportation is "averaged" among all users. In the case of third-class mail—parcel post—the cost of transportation is "averaged" among users differentiated by zones. It can be seen that under either kind of "averaging" of transportation costs, whether on a uniform national basis or by zones or areas, in some cases the actual cost of transportation will exceed the imputed average; and in such a case the seller is absorbing freight. In other cases the actual cost of transportation will be less than the imputed average, and in this case the seller can be said to be charging "phantom freight."

Under the zone-pricing system, a seller may have only two zones, or he may have three or four zones, or a much larger number. The theory behind such a pricing system remains one of averaging the cost of transportation to all customers within each zone.

That will, perhaps, suffice as a discussion of terms.

I have referred previously to the Corn Products case. In that case, the Supreme Court held that, when the requisite injury to competition was shown, the charging of phantom freight constituted an illegal price discrimination under the Clayton Act. Let me emphasize that there was no confusion about the Corn Products decision. What the Court held was clear, and it was clear how the Court's holding applied.

Let me say again, at that point, that the decision in the Corn Products case has not been challenged in connection with deliberations on the Myers bill now before the Senate, and is not an issue in any way in connection with this bill.

However, in another case—the so-called Cement Institute case (333 U. S. 683), decided in April 1948—the Supreme Court did hand down a decision which has been the basis of substantial dispute as to its meaning, with resulting widespread confusion in business and industry.

The respondents in the Cement Institute case were charged with conspiring, and were found by the Federal Trade Commission to have conspired, to fix prices by means of the use of a multiple-basing-point system. They were also found to have conspired to discriminate in price, in violation of the Clayton Act, by receiving varying mill net returns. These findings were upheld by the Supreme Court, which thus found their practices illegal. Up to that point, there is no argument whatsoever with the decision; rather, there is universal agreement that all such practices are and must be illegal. The difficulties arose because of the dicta in the Cement case decision.

The doctrine of that case was that the conspired use of any pricing practice is illegal. It is, of course, elementary that any practice, even though legal per se, may become illegal when adopted by conspiracy. Thus, the doctrine in the Cement Institute case, holding that the practice of freight absorption, adopted by conspiracy, was illegal, did not encompass a holding that freight absorption itself was illegal. But the language used by the Supreme Court, by way of dicta, resulted in great confusion as to the right of a seller to absorb freight, when not accompanied by conspiracy. I repeat that last statement, for emphasis. The language used by the Supreme Court, by way of dicta, resulted in great confusion as to the right of a seller to absorb

freight, when not accompanied by conspiracy. The Federal Trade Commission—or at least, certain members of that Commission—have contended that what others regarded as dicta in the Cement Institute case was actually doctrine, and did amount to a judicial holding that the absorption of freight is per se illegal, at least when it results in any price discrimination.

The confusion which thus arose was considerably accelerated, immediately following the Supreme Court's decision in the Cement Institute case, when the circuit court of appeals at Chicago, in the Rigid Steel Conduit case (168 F. 2d 175), used this language:

> In the light of that opinion (referring to the Cement Institute case) we cannot say that the Commission was wrong in concluding that the individual use of the basing point method as here used does not constitute an unfair method of competition.

It is noteworthy that the individual use of the pricing practice involved in the Rigid Steel Conduit case included its use by two sellers, as to whom the Federal Trade Commission had expressly dismissed charges of conspiracy, thus adjudicating that these sellers were not using the practice pursuant to a conspiracy with other sellers.

In the light of the language used by the Federal court the case was appealed, and a few weeks ago by a decision of 4 to 4 the Supreme Court affirmed the decision of the circuit court of appeals in the Rigid Steel Conduit case. Because of the tie vote no opinion was rendered, and no additional light was thrown on the subject. The urgency of congressional action on the subject was thereby increased.

It is obvious, of course, that if sellers may not absorb freight in the sale of commodities, the only alternative is to sell exclusively at f. o. b. mill or f. o. b. factory prices. A very thorough discussion of the effect on the national economy of required f. o. b. mill selling is contained in the interim report of the Committee on Interstate and Foreign Commerce, which is Senate Document No. 27 of the Eighty-first Congress; and I shall not take up the time of the Senate to go into that question here.

The same interim report discusses in great detail the activities of the Federal Trade Commission in connection with this whole question of pricing practices. I think it wise to avoid a discussion of that question also, at this time, since it is primarily involved here, and had best be discussed in connection with proposed permanent legislation in this field.

The bill now before the Senate is a simple moratorium proposal. We are not presently concerned with how confusion arose or who has been responsible, and in what degree. We are concerned with the fact that confusion exists, and our effort here is to take action which will stay the devastating effect of that confusion upon business and industry, upon both buyer and seller, for a sufficient period to permit the Congress to consider the whole question adequately and take such action as, in the sound discretion of the Congress, may be justified, by way of permanent legislation, if any legislation at all is to be enacted.

The committee considered very carefully the question of the constitutionality of the proposed legislation, and concluded that it was constitutional. A memorandum on this point, concurred in by three experts of the Federal Law Section, Legislative Reference Service, Library of Congress, and three members of the professional staff of the Committee on the Judiciary, is printed in the committee report on this bill. The bill is offered as a temporary amendment to existing law. As such an amendment, it should be recognized by the courts as a part of the body of the law to which the judicial branch must give effect.

This is a reasonable construction of the language of the proposed statute, just as reasonable, in every way, as a construction which would make the proposed statute unconstitutional; and it must be obvious that the statute, if enacted, must be given, and can be given, only the construction intended by the Congress, if that intendment is clear. Furthermore, it is a well-recognized axiom of statutory construction that as between two possible interpretations, both reasonable, one of which would render the statute unconstitutional and the other of which would render it constitutional, the constitutional interpretation must be given, because the Congress may be presumed to have intended a constitutional act.

One of the first questions the committee had to decide was whether, in this bill, it was desired to make any permanent change in the law. The committee answered this question in the negative. As I have pointed out before, the enactment of the proposed legislation will be, in effect, an amendment to existing law; but it will be a temporary amendment.

Testimony before the committee made it perfectly clear that the question of interpretation of the language contained in section 1 of the bill, as introduced, was highly controversial. Not only was there considerable divergence of opinion with respect to the effect of the language used but there was also argument, pro and con, over the propriety of an attempt by one Congress to express and clarify the intent of a previous Congress, and over the question of how such an attempt could take legislative effect.

The better view, we believe, is that the only way such an attempt could be effective would be through amending existing legislation. To put it in another way, Congress cannot constitutionally amend a law nunc pro tunc. We do not mean to say that Congress cannot enact a statute which will have some retroactive effect; but Congress cannot overrule the Supreme Court with regard to what a statute means. Congress can only change the statute, so that after Congress has acted, the law means something different from what the Supreme Court had said it meant before.

Both proponents and opponents of the bill, in testifying before the Committee on the Judiciary, stated that the objective in connection with the proposed moratorium was only to permit freedom of action, with respect to pricing practices not arrived at by conspiracy or collusion, during the period of the moratorium; and these witnesses agreed that the question of permanent changes in the law should be deferred until Congress enacted permanent legislation on the subject. In order to achieve this objective, the committee decided to eliminate all of section 1, and the committee amendment accomplishes this.

The expiration date of the moratorium provided in this bill is July 1, 1950. This allows more than a year within which the Congress may consider and act upon the question of permanent legislation in this field.

I should point out that the first use of this date was not in the Senate committee. The House Committee on the Judiciary, in acting on a companion bill, amended it so as to make the expiration date July 1, 1950; and the Senate committee felt this was a wise choice. There was some sentiment in the committee for making the period of the moratorium even shorter; but there was no substantial argument for making it any longer. If the Congress is going to enact permanent legislation on the subject of pricing practices, it can be done before the expiration date of the moratorium provided for in the bill.

I believe it may be well to point out that enactment of the bill does not commit the Congress to any particular future course of action. By passing the bill, Congress does not promise to enact permanent legislation. At the same time, we believe that dealing with the problem in this way certainly amounts to a moral commitment by the Congress to consider the whole problem very carefully, and to reach a definite determination as to whether permanent legislation is needed, and if so, what form it should take. It is the intention of the Committee on the Judiciary to go forward promptly with its consideration of this problem, and I want to assure the Senate that the question will not go by default.

Committee amendments to the bill include substitution of the phrase "quote and sell at delivered prices" for the phrase "use delivered-price systems" which appeared in the bill as introduced. The purpose of this change is to eliminate any possible contention that the Congress intends to legalize, even during the period of the moratorium, the systematic use of basing-point pricing, which proponents of the bill have testified is not an objective. Criticism has been directed at the use of the phrase "quote and sell at delivered prices" on the grounds that the term "delivered prices" is not defined in the legislation. It is equally true that the phrase "delivered-price systems" was not defined in the bill as originally introduced; but the use of the word "systems" did carry some connotation which, at least in the minds of some witnesses, indicated that the bill was intended to legalize pricing systems rather than to permit certain pricing practices. The committee amendments negative any possibility that the bill will be so construed, because all reference to pricing systems has been eliminated, even in the title to the bill, under the committee amendments.

The committee, in its amendments, has also substituted the phrase "for the purpose of engaging in competition in good faith," in place of the phrase "to meet competition." There can be no question that the language used by the committee provides a more flexible standard for independent action, during the moratorium period, than the phrase used in the bill as introduced. In this respect, the committee amendment does change existing law. But, as I have already pointed out, the change is a temporary one. In the opinion of the committee, it is a wise change.

As interpreted in many instances by the Federal Trade Commission, and by the courts, the standard embodied in the phrase "to meet competition" amounts virtually to a floor under prices. But, as it was pointed out to the committee during hearings on the bill, real competition may involve not merely meeting the price of a competitor, but actually selling at a lower price. The established American custom of passing on savings and economies to the consumer by means of price reductions has been a very substantial contributing factor in creating, in this country, the highest standard of living the world has even seen. Since one objective of the bill is to permit, during the period of the moratorium, a sufficient freedom of action so that operations under the moratorium will give the Congress an opportunity to judge the desirability of permanent changes in the law, the committee deemed it desirable to make this change.

There will be no quarrel, we feel, with the committee's decision to fix the beginning of the moratorium period as the date of approval of this act, instead of beginning the moratorium at some arbitrary date. This insures that there will be nothing retroactive in the provisions of the act, and insures also that there will be no period of hiatus between the date of approval of the act and the applicability of its provisions.

One very difficult problem which the committee faced in considering this legislation was to provide for freedom of action, during the period of the moratorium, even for those companies against whom orders have been issued, while at the same time avoiding any possible interpretation of the act as an attempt by the Congress to extend a blanket pardon for any violations of such orders which may have occurred before the date of approval of the act. This has been accomplished by the language of section 2 of the bill, as amended by the committee. Let me read that language, for the information of the Senate:

SEC. 2. Nothing herein contained shall affect any proceeding pending in any Federal court of the United States on the date of approval of this act. The provisions of this act shall be operative with respect to any activities engaged in between the date of approval of this act and July 1, 1950, but shall not otherwise affect the enforcement of any order which was entered on or before the date of approval of this act.

Under that language, any company will have the right to quote and sell at delivered prices, or to absorb freight, while engaging in competition in good faith, during the period of the moratorium. But the language offers no inducement to seek modification of orders already issued, not any basis for petitions to reopen cases which have been already adjudicated. The language which I have just read makes it perfectly clear that the moratorium applies to any activities engaged in after the date of approval of the act and before July 1, 1950, but that the provisions of the act are otherwise inapplicable with respect to enforcement of orders entered before the date of approval of the act.

That point is so important that I want to state it in another way, to be sure there is no possibility of misunderstanding. This language says to business and industry: "What you do during the period of this moratorium, with respect to pricing practices, is governed by the provisions of this act; but this act does not affect anything which you may have done before the date of its approval and it will not affect anything you may do after July 1, 1950."

During the time the bill was in committee, the Rigid Steel Conduit case, to which I have previously referred, was pending in the Supreme Court. As a matter of chronology—and this is a rather interesting coincidence—the Supreme Court decision in the Rigid Steel Conduit case was handed down just 1 hour after the Judiciary Committee voted to report the bill favorably to the Senate. Furthermore, in its decision—which was an affirmance of the circuit court by a split vote of 4 to 4, with Mr. Justice Jackson abstaining—the Supreme Court rendered no opinion to clarify the situation. On the contrary, after the recent action of the Supreme Court confusion still existed.

Thus, the action of the Supreme Court in the Rigid Steel Conduit case appears to lend force to the arguments for congressional consideration of this whole problem and for a congressional determination with respect to permanent legislation. This action of the Supreme Court also, of course, increases the urgency of the need for temporary legislation, such as here proposed, which is intended to safeguard the interests both of industry and consumer until the Congress determines on its future course of action.

In conclusion let me seek to dipsel any idea that may have arisen in the minds of some persons in regard to this proposed moratorium, namely, that it is a proposal solely in the interest of what is known as big business. With all the sincerity I can command I declare that this is not the case. Representatives of many, many smaller industrial and business organizations are just as heartily in favor of it as are the leaders of the large companies and others who have stated their views to the committee. The issue at stake is one that affects vitally our entire economy. The present confusion of thought has resulted in much uncertainty over the entire problem of transportation and transportation charges. I am very strongly of the conviction that S. 1008, in the form in which it is reported from the Committee on the Judiciary, should be promptly enacted by the Congress.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. AIKEN. From a reading of this very short bill, the so-called basing point bill, it seems to me that its purpose is to set aside certain antitrust legislation for another period of 2 years; but I am wondering just what the meaning of the bill is. I have received several communications to the effect that it would lend encouragement to the formation of monopolies and would react against the interests of small business, and so forth.

I find in the statement of the minority views, signed by the Senator from North Dakota [Mr. LANGER], certain proposed amendments to the bill. One in particular reads as follows:

Provided, however, That nothing herein shall legalize any act or practice now unlawful because of bad faith, discrimination, coercion, oppression, or a tendency to injure, suppress, or eliminate competition.

I ask the Senator from Maryland whether this proposed amendment was considered by the committee, and if so, why there was objection to including it in the bill? It seems to me to be a reasonable safeguard which would meet the criticism of the bill as now written.

Mr. O'CONOR. Mr. President, in answer to the question of the Senator from Vermont, I will say that the proposed amendment was not considered by the committee. It was not submitted for consideration. We had no knowledge of the proposal until we saw it in the minority views. I assume that it will be fully discussed by the senior Senator from North Daktoa [Mr. LANGER], the author, but it has not been considered by the subcommittee or by the full committee.

Mr. AIKEN. Would the Senator construe this amendment as being a fair amendment, and one which would quiet the fears of certain groups that the bill might be used to extend monopoly and to squeeze out small business?

Mr. O'CONOR. Let me say in answer to the Senator that we employed as clear language as we could find to prevent any conspiratorial act. We made it a condition that no act would be legalized or approved which might be committed in furtherance of a corrupt combination or collusive action. We made it particularly plain, by amending the bill as originally introduced, that this moratorium would exist with reference to certain practices only when certain conditions obtained: First, that the individual seller would have to act independently; second, that he would have to act in good faith; and, third, that he would have to act in the absence of any conspiracy, and would be required to act only for the purpose of engaging in competition.

Mr. AIKEN. Then, is it the understanding and interpretation of the Senator from Maryland that the language now employed in the bill is intended to accomplish the same purpose as the amendment I have read, and which is incorporated in the minority views of the Senator from North Dakota?

Mr. O'CONOR. I do not want to comment on the proposal, which I have not heard discussed. I shall listen to the

discussion with a great deal of interest. As I previously stated, the amendment was not submitted to the committee.

Mr. AIKEN. Let me read the amendment once more:

Provided, however, That nothing herein shall legalize any act or practice now unlawful because of bad faith, discrimination, coercion, oppression, or a tendency to injure, suppress, or eliminate competition.

Am I correct in understanding that the Senator from Maryland believes that the bill is designed to accomplish the same purpose?

Mr. O'CONOR. Certainly. As I previously stated, it is not the intention by this bill to legalize any conspiracy.

Mr. AIKEN. I thank the Senator from Maryland.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. MYERS. I point out to the Senator from Vermont that the Attorney General addressed a letter to the Judiciary Committee on this particular bill. The letter appears on pages 93 and 94 of the hearings. It was signed by Peter Campbell Brown, Acting Assistant to the Attorney General.

The Department of Justice have this to say in that letter:

In view of the nature of this bill we see no occasion for discussion here on the merits of these cases.

They were speaking of the several cases, the Cement case and the Steel Conduit case.

I read further from the letter:

Section 2 of the bill would provide as follows:

"Until the expiration of 2 years after the enactment of this act, the Federal Trade Commission Act, as amended, and the Clayton Act, as amended, shall not be construed as depriving individual companies, in the absence of conspiracy or combination or other agreement in restraint of trade, of the right to independently use delivered price systems or to absorb freight to meet competition in any and all markets."

It is the view of this Department that this section would be limited strictly to individual pricing practices, the use of a delivered price (i. e. individual setting of a given price without extra charge for cost of transportation), and to the adoption of price variations in conformance to the Robinson-Patman Act for purposes of meeting competition. It would not appear to affect existing law with respect to (1) combinations or conspiracies, express or implied, (2) price or pricing practices involving freight absorption, charges for "phantom freight" or any other pricing practices which have the effect of discriminating between buyers in violation of the Robinson-Patman Act, or (3) the use of a "basing point"—which involves neither the practice of charging a basic price plus transportation, nor a basic price with transportation charges prepaid, but the hybrid practice of imposing an arbitrary charge, in addition to the basic price, not related to actual cost of transportation. Nor would it give a blessing to any pricing practice, whether consisting of a delivered price, f. o. b. price, or any other kind of price which is designed to, or has the effect of, restraining trade or creating a monopoly contrary to the antitrust laws.

This interpretation is borne out by the express exclusion of conspiracies from the protection of the measure, the failure to give approval to discriminatory pricing practices and the failure to mention "basing point" practices as such, despite the fact that this term is a common one which has a well-understood meaning quite different from the more general term "delivered price" used in the bill.

So construed, and without expressing any views as to its necessity or desirability, the Department of Justice would have no serious objection to a reasonable moratorium long enough to give the Supreme Court opportunity to clarify the situation in the Rigid Steel case, and the Congress opportunity to examine the decision in that case. Accordingly, if Congress feels some legislation must be passed, the Department would not oppose a moratorium until July 1, 1950.

Mr. President, I think the Department of Justice have accurately described the purposes of the bill and have accurately described the practices which do not come within the provisions of the bill—either monopolistic practices or pricing practices which this bill does not embrace, and which certainly would not be made legal as a result of the passage of the bill.

Mr. AIKEN. I understand that the Senator from Pennsylvania believes, from a reading of the letter of the Attorney General, that the amendment proposed by the Senator from North Dakota relates to language already in the bill. Does the Senator interpret the language of the bill as being adequate and sufficient to prevent the further extension of monopoly and the placing of small business in a disadvantageous position?

Mr. MYERS. I assure the Senator from Vermont that I do, because I am as firm an advocate of the strengthening of the antitrust laws and the laws to prevent monopoly as is any other Member of this body.

I believe the enactment of the pending measure is vitally necessary for the protection of many of our industries, and to overcome the confusion which has resulted, particularly from the steel-conduit case. I believe the bill, if enacted, will in nowise weaken the antitrust laws or give to the corporations of America any power to expand or bring about greater monopolistic practices.

As the Senator from Maryland [Mr. O'CONOR] has so well said, I believe the bill has the one purpose which has been stated, and that we have written into the bill safeguards so that neither the antitrust laws nor the Clayton Act nor the Federal Trade Commission Act will be weakened in any respect. The only purpose of the bill is to overcome the confusion which everyone realizes has resulted, first, from the cement case, but more particularly from the steel-conduit case.

Mr. AIKEN. I thank the Senator from Pennsylvania for giving his interpretation of the language of the bill.

Mr. LANGER. Mr. President, this bill, introduced by the distinguished Senator from Pennsylvania [Mr. MYERS], is entirely misnamed. It should be entitled "A law to set aside the antitrust statutes of the United States of America" or "A law to add more confusion to the interpretation of the antitrust statutes than presently exists."

Every Senator knows that whenever the big business interests have lost a case in the Supreme Court, attempts are promptly made to have the Congress rush to their defense.

Only 2 or 3 years ago the Supreme Court held that in the southeastern part of the United States there was a monopoly by insurance companies. Then, overnight, before the Senate committee could take action, the big business insurance companies of the United States went to work pleading for a new law to protect them in the profits they were taking out of the pockets of the people of the United States. All of us know what the result was; it was that those companies got what they were after.

One of the first speeches I heard made on this floor was delivered by the distinguished Senator from Iowa [Mr. GILLETTE], when finally the big pipe companies were brought into court, along with 18 other pipe companies or oil companies that were sued a few days later. Two days before Christmas they sneaked into a court here in the city of Washington; and, although only three companies had been sued, a summons and complaints were handed to the other 18 companies at 10 o'clock in the morning; and at 2 o'clock in the afternoon they pled nolo contendere; and the people of America were robbed of over $1,000,000,000 by those oil companies. The distinguished Senator from Iowa tried repeatedly to get remedial legislation enacted by the Congress, but was unable to do so.

Again, Mr. President, I remember one day when the railroads came into this Chamber, so to speak. When the western railroads were built, it was agreed that every odd section of land within 10 miles of the railroad track, on either side of it, should be owned by the railroads, and in exchange they would haul the freight of the United States Government for nothing. The railroads got the land, some of it being worth millions upon millions and even billions of dollars. Some of it the railroads have not put on the market to this day. Some of it is some of the richest mineral land in the West. However, when the Second World War came along, the railroads reneged on their agreement, and finally the Congress provided that the railroads would be paid for hauling Government freight 50 percent of what they charged private persons for hauling freight. They came before the Senate, and although a few of us did all we could to defeat them, they had the law wiped out. They said, "It will result in the railroads having cheaper freight rates." Instead of that, the freight rates have continually gone up, until today they are the highest they have ever been in the history of the country.

Again, Mr. President, the Senate last year witnessed a spectacular succession of events in connection with tidelands oil in the State of California. A group of millionaires went out into the ocean and dug for oil. Finally the Attorney General brought a lawsuit, which became known as the California case. He won the case. The Supreme Court of the United States said, "The oil belongs to all the common people of the United States." Overnight, another measure was presented before the Judiciary Committee. Had it not been for the veto of

the measure by the President, the common people would have been robbed, not of millions of dollars but of billions of dollars. But President Truman vetoed it.

So we see that whenever the people win in the Supreme Court, a bill is introduced almost overnight to do away with the benefits gained by the people as the result of the lawsuit, and the tribute the little fellow pays to the big fellow is not interrupted. The big fellow can go on robbing the common people in every possible way imaginable.

Regardless of whether Democrats or Republicans were in power, the antitrust statutes have not been enforced. The Sherman antitrust law was enacted in 1891, 58 years ago. I challenge any Member of the Senate to name one person ever to have been put in jail within the entire period of 58 years for violating the Sherman antitrust law. Of course, if a veteran comes home to his family, and if the family is hungry and he steals a few loaves of bread, he is promptly put in jail. If he steals enough to constitute grand larceny, he goes to the penitentiary. But conversely, if three or four big corporations conspire to raise the price of milk, or of bread, or of other necessities of life, they are not put in jail. They are even honored. They are placed at the head of departments of the Government. Only 3 days ago I noted a headline in the Fargo Forum, "British leader dies in mill city." The news item was dated Minneapolis, Minn., and read as follows:

MINNEAPOLIS.—Viscount Leverhulme, 61, world industrialist, died in a hospital here last night.

With him were his wife, Lady Leverhulme, their daughter, Jill Lee-Morris, 18, and Charles Luckman, president of Lever Bros. Co.

The viscount was stricken shortly after boarding a train at Banff, Alberta, Monday night. His condition was such that he was taken to St. Mary's Hospital when the train arrived in Minneapolis.

The viscount's Unilever Co. controls 516 firms dealing in soap, oils, and margarines in 40 countries. The empire includes Lever Bros. in the United States.

It will be remembered that in the Eightieth Congress, under the leadership of the distinguished Senator from Arkansas [Mr. FULBRIGHT], an effort was made to repeal the tax on oleomargarine, and to regulate its sale. For a few days it seemed that the bill might pass. What happened? Lever Bros. Co.—the same company as the one named in the news item I just read—together with an investment company and another concern, obtained a corner on oleomargarine. The people of the country had expected to be able to get oleo at a cheap rate in competition with butter. But, within a few days after the cornering of the market, the price of oleo rose 28 cents a pound. The price was 23 cents a pound when the bill was introduced. A few days later it had risen to 51 cents a pound—an increase of 28 cents a pound. But the Charles Luckman named in the news item is the same man whom President Truman appointed as head of the Fats and Oils Division, only a few short months ago. So I repeat, instead of putting the big fellows in jail, they are appointed as the heads of Government departments. The leaders of our country know that. I have before me another article that came from Frankfort, Germany, a few days ago. It says, "Monopolistic sales banned in Germany." In Germany, when the military is concerned, the very practices are wiped out that are permitted here. The article says:

FRANKFORT, GERMANY.—Monopolistic sales contracts were banned in the British and American zones of Germany today.

The order was issued by the joint export-import agency (JEIA), which controls international trade in the bizonal area. John Logan, JEIA director general, said the policy is based on the principles of the Habana charter for an international trade organization, drawn up by the United Nations March 24, and on the bizonal antimonopoly laws.

Logan said there would be no approval for contracts which "tend to restrain fair competition, limit access to markets, foster monopolistic controls, which may have harmful effects on the expansion of trade, or otherwise interfere with the free and normal development of German exports."

Mr. President, we come to what was said in a report to the Senate in relation to independent business. It is entitled "Independent Business—Its Struggle for Survival," and is a report on problems facing American small business, written by the chairman of the special committee to study problems of American small business. Commencing on page 5, the report is in complete disagreement with the pending bill, S. 1008.

Mr. President, I want to show what the effect of this bill would be. First of all, until Tom Clark became the Attorney General, no honest-to-God attempt to enforce either the Clayton Act or the Sherman Antitrust Act had been made. Under the Republicans we heard of the trust buster from St. Paul, Minn.—Frank Kellogg. But he broke up no trust. It was a joke. Then there were some so-called trust busters under Democratic administrations. They were just as bad, if not worse. It was stated that they did not have sufficient money under the appropriation of between two and three million dollars. The Senate appropriated millions of dollars so that the Department of Justice would have sufficient money to hire enough lawyers and investigators to proceed really to enforce the antitrust statutes.

I repeat, it was not until Attorney General Tom Clark took office that we saw for the first time an honest attempt made to put men in jail for violating the antitrust laws. Of course, they could be put in jail for only 1 year. The Sherman Antitrust Act provides that no one can be placed in the penitentiary for such violation, but he can be fined not more than $5,000. But, in any event, we had the refreshing experience in the United States of seeing a man who was honestly trying to put some of those law violators in jail where they belonged.

Referring now to the four cases which I have mentioned, the insurance legislation, oil legislation, tidelands legislation, and railroad legislation, and adding to them the cement case and the conduit case, we have had interpretations by the Supreme Court of the United States which has taken many years to get. I would add one more, namely, the divorcement of the motion-picture producers and the motion-picture theater owners—those who actually produce the pictures and those who own the theaters.

I started that fight, myself, in North Dakota, in 1933. Fifteen years later I got a decision finally divorcing the owners of the theaters from the producers. But, mark you, Mr. President, no one went to jail in that connection. The children and their fathers and mothers who attended the moving-picture theaters continued to be robbed for 15 long years. The case was finally decided after Tom Clark personally argued it before the Supreme Court of the United States. Even then no one went to jail in connection with it. Violators of the law can rob the people of millions of dollars before they can be fined $5,000. That is the limit they have to pay for a violation of the Sherman Antitrust Act.

Whenever such cases have come before the Supreme Court of the United States, immediately bills have been introduced, just as in the instant case, in order to cause greater confusion. In that connection, consider the bill which is now before us. The minority views show that Senate bill 1008 introduces new terms and phrases into the antitrust laws, without providing any definitions or standards for their interpretation, and thus confuses the law instead of clarifying it.

It is the old, old game, Mr. President—speaking in new terms and new phrases so that lawyers all over the country can have another Roman holiday.

The antitrust statutes represent an established body of law which the Congress framed with infinite pains in choosing exact words to convey congressional intent. Through many years of judicial interpretation, these words have come to have definite meanings which are understood by both business and the legal profession. It is like throwing sand into a gear box to force new words and phrases into this carefully developed body of law without giving a clue to their intended meaning. Specifically, the pending bill contains four new undefined phrases; and these four new phrases, Mr. President, mean many millions of dollars for lawyers all over America, who will be hired to appear before the various courts of the Nation, including courts of appeal and, finally, the Supreme Court of the United States, so that 8 or 9 years will go by before we find out the meaning of some of the words and phrases. For example, there is in the bill the term "engaging in competition." That term has never been defined by the United States Supreme Court. What does it mean? Does it mean competition between trucks and trains? Does it means competition between airplanes and trains? Does it mean competition between mixed trains and solid freight trains?

There is another new expression used in the bill, namely, "absorb freight." Another case is "in any and all markets." Another one is "delivered prices."

As I said before, these four terms are worth hundreds of millions of dollars to

the lawyers of the United States of America until they are defined.

None of these phrases has ever been tested in the courts. It is uncertain whether "engaging in competition" will be held to include (a) only the behavior characteristic of businessmen in a competitive industry, (b) also the tactics of enterprises that seek more business by discriminations that destroy their small competitors, or (c) also the limited rivalry for orders that exists under price formulas which produce identical delivered prices. That the latter constitutes "engaging in competition" has been the fundamental and persistent defense of many of the respondents in the Federal Trade Commission's price-fixing cases.

There it is, Mr. President, just in that one term "engaging in competition" there are three different definitions, any one of which is going to delay finding out the meaning of the statute for years and years to come.

I wish to call attention to another fact. When the war came along Congress passed a statute which provided that so long as the war lasted antitrust suits would not be brought. So the movie case which I mentioned, which we started in 1933, was held up all during the war. During the war an antitrust suit could not be brought against an oil company because it was said we needed oil for defense, and the companies were so busy producing oil that it would be unheard of to bring an antitrust suit to harass or annoy them in any way. So we should let them go ahead and gouge the people all they could. It was more important to win the war than it was to recover a few hundred million or a billion dollars. So that they went merrily on their way, Mr. President, happy in gouging the people all during the years of the war.

I repeat, we are going to hear a lot of this one term. It is going to be in the district Federal courts and in the appellate courts and in the Supreme Court.

"Engaging in competition" will be held to include (a) only the behavior characteristic of businessmen in a competitive industry, (b) also the tactics of enterprises that seek more business by discriminations that destroy their small competitors, or (c) also the limited rivalry for orders that exists under price formulas which produce identical delivered prices.

Mr. President, what does "absorb freight" mean? I marveled at the nimbleness of the distinguished Senator from Maryland as he explained Senate bill 1008. Elihu Root could not have done a better job than did the Senator from Maryland in taking this bill up and explaining it. Portions of it he glossed over, simply saying he was not going to refer to the Federal Trade Commission. In another place he said that he stood for freedom of action by the Federal Trade Commission, when, as a matter of fact, the Federal Trade Commission all during the war had been handicapped by the fact that they could not bring any action of any major import. They even held up some of the cases in which we have gotten decisions since, like the cement case, and some of the other cases, because of the fact that during the war they could not prosecute, and now that the war is over they will not get many more lawyers to assist them. We have an economy wave, and it is said they have too much help already. So that for 6 or 7 years cases which should have been tried during all this period have piled up, and we find they have not enough lawyers to go ahead and try them now, with the result, of course, that big business keeps on rooking the little fellow.

In Senate bill 1008 the distinguished Senator from Maryland, my very warm friend, uses the term "absorb freight." It is uncertain. He does not know, and no living man on earth can tell, whether "absorbing freight" will be interpreted as reducing a delivered price by an amount not greater than the freight cost actually incurred upon the particular shipment, or by an amount not greater than the applicable rail freight charge even when goods are shipped more cheaply by water or truck, or by an amount not greater than the freight cost from the seller's plant nearest the point of delivery even if shipment is made from a more remote point, or by an amount not greater than the freight cost from the seller's most remote plant even if shipment is made from a nearer plant.

Mr. President, I make the prophecy that when one of these monopolists goes to a lawyer and says to that lawyer "I am going to hire you. We want you to give us a definition of what the two words 'absorb freight' mean," the lawyer will say, "Well, it means one of four things."

Mr. President, I ask unanimous consent that I may have the floor when the Senate meets tomorrow. I wish at this time to yield to the distinguished junior Senator from Oregon who desires to speak on the identical subject I have been discussing.

Mr. MORSE. Mr. President, I am in a situation where I need to catch a plane, and I should like to make my remarks in support of the position taken by the Senator from North Dakota in opposition to the bill at this time, if it meets with the approval of the distinguished acting majority leader.

Mr. MYERS. I have no objection.

The PRESIDING OFFICER (Mr. WITHERS in the chair). Is there objection? The Chair hears none, and the Senator from Oregon may proceed.

Mr. MORSE. Mr. President, I wish to discuss Senate bill 1008, which proposes a 2-year moratorium on the Supreme Court's decision on the basing-point issue, and in the interest of continuity I shall not yield until I complete my formal remarks. Then I shall be very glad to yield for questions.

I am perfectly aware of the fact that I am speaking for the RECORD this afternoon, but I think it of utmost importance that a record be made in opposition to the majority report on the pending bill.

Mr. President, if I were to give my address this afternoon a title I would headline it "The Attempts to Legalize the Basing-Point System: A Case Study in Propaganda."

Mr. President, this Congress was sent here to represent all the people of the United States. It is exposed to constant pressure from special interests, large and small; but amid these pressures its function is to find the broad public interest, not to lend its power to private groups for the accomplishment of private purposes. For this reason, the more adroit pressure groups frequently try to hide their concern over a public issue and to dissemble the extent to which they stand to gain or lose through our decision. They devise specious arguments, and use Charlie McCarthys to make the arguments. Every Member of the Congress is familiar with these tactics, and I think every Member of the Congress resents them. We need to know the way in which a bill affects the particular interests of particular groups, because that knowledge is necessary before we can make an intelligent determination of where the public interest lies. We welcome the spokesman for a private group if he represents it openly and candidly. In our effort to protect ourselves against those who wear a false face while they offer us advice, we have required that lobbyists be registered. We do not want to decide political questions in the dark.

For nearly a year an effort has been under way to persuade the Congress to change the antimonopoly laws in such a way as to legalize the pricing practice of the steel industry, the cement industry, and various other monopolistic industries. The first goal of those who wanted the change was immediate amendment of the basic statutes. When they found they probably could not succeed in this aim, they decided to ask instead for a broad temporary moratorium on the enforcement of the statutes, apparently in the hope that if the Congress should enact such a moratorium its decision could be regarded as a promissory note to be paid off later by permanent legislation. When a sweeping moratorium ran into difficulties, the aim became still more modest—enactment of a limited moratorium now, but still with an implied promise of more legislation later.

From the beginning, a few powerful interests have been behind the drive for these different types of legislation. The same interests are behind it now. If they had come out openly to say what they wanted and why they wanted it, I might disagree with them, but I would not criticize them. From the beginning, however, they have adopted devious tactics, calculated to entrap the unwary. They have used pressure tactics to intimidate opponents of their program. They have tried to misrepresent the issues; and they have tried, in part successfully, to deceive Members of Congress. They have provided a classic illustration of an objectionable lobby at its worst. It is high time this lobby should be exposed. I propose to expose it.

Even if there were no direct evidence showing who is behind the drive to amend the law, it would be reasonable to suppose that the groups that want the Federal Trade Commission stopped from continuing its proceedings against basing-point systems are the group that use basing-point systems and are subject to those proceedings. The cases that have

created the furor have been the Cement case, the Conduit case, the Glucose cases, and the belated revival of the Pittsburgh-plus case. We all know that there is a serious monopoly problem in the United States, and that the industries which have furnished the respondents in these cases lie near the heart of it. The cement companies have notoriously submitted identical bids to the Federal Government, refusing, on great cement contracts like those for Bonneville Dam, to make the slightest price concession below what they charge in the sale of a few bags to a contractor who is building a driveway or a sidewalk. In spite of the wide distribution of raw materials and producing capacity and of the relatively small size of cement plants, in 1945 the 10 largest cement companies controlled over 60 percent of the industry's capacity; and through mergers they have increased their control since that date. The largest single cement company is a subsidiary of United States Steel Corp.

The principal respondent in the Commission's conduit case was the General Electric Co., and among the other respondents were Republic Steel Corp. and Youngstown Sheet & Tube Co. The respondent in the Pittsburgh-plus case was the United States Steel Corp. This company, together with the other major producers of steel, is also a respondent in the case now pending before the Federal Trade Commission, in which the Commission charges that a basing-point system has been used to fix steel prices. In the glucose cases the principal respondent was Corn Products Refining Co.

In this series of cases the Commission has attacked the citadel of monopolistic power in the United States. Except in the glucose cases, the interests of major steel companies have been involved. It is not surprising—indeed, it accords with all political experience—that these companies should have decided to strike back. It is they who launched, and it is they who have master-minded the campaign to change the American laws against monopoly.

The strategy of the campaign was worked out quickly but not instantaneously; and it has left a clear trail in the trade press. On April 28, 1948, less than 48 hours after the Supreme Court decided the cement case, the New York Journal of Commerce carried an interview with Irving S. Olds, of United States Steel Corp. Mr. Olds said that the United States Steel subsidiary, Universal Atlas Cement Co., would comply with the Court's order. Ignoring the pendency of the case in the Federal Trade Commission, in which it is charged that the steel companies are using the basing-point system to fix prices, he said that the basing-point system as used in steel did not result in any agreement among producers to use it, that any producer was free to use it or drop it, and that it was generally used as the most convenient way to sell steel. He took comfort in the fact that the Congress had not acted favorably upon past proposals to outlaw the multiple basing-point system, an inaction which he interpreted as a refusal; and he said that industry was faced with two alternatives, either to seek remedial legislation or to educate the Supreme Court.

It did not take the steel industry long to decide how to go about trying to recover the lost ground. Some differences of opinion were visible in the trade press in May. Apparently one view favored standing pat until the Supreme Court decided that the steel makers must change their practices. As late as May 27, Iron Age reported that the steel industry would not abandon its existing pricing practices unless forced to do so by a Supreme Court decision, but Steel Trade Press reported on June 6 that many steel officials believed the only solution was legislation supporting the present method of pricing steel. On the same day, the New York Times reported that it was a foregone conclusion in the trade that an attempt would be made to plug for legislation which would make the basing-point-sales method legal. It is evident that about the beginning of June the steel industry decided to seek an amendment to the law, and that its purpose in doing so was to retain the full right to sell on a basing-point system as it had always done and not merely to clarify the law or to be sure of the right to absorb freight.

Although the idea of new legislation was born in the steel industry, the big companies of the industry were careful to avoid acknowledging their brain child. When hearings were held by the Capehart committee, no witnesses appeared from United States Steel Corp.; indeed, the company's only participation in the hearings was a reply by letter to a question addressed to it by the Senator from Indiana. Bethlehem Steel Co. abstained from appearing at the hearing, although it did send a similar letter in reply to a similar question. Republic Steel Corp., which was involved in both the Conduit case and the pending Steel case, did not participate in the hearings, but its chief engineer presented testimony contending that the continuous casting process developed partly by that company would not bring any great reduction in the costs of steel making. National Steel Co. and Jones & Laughlin, which were doing all they could behind the scenes to get the law amended, took no part in the hearings, except that National replied by letter to a question from the Capehart committee. The steel manufacturers were represented only by representatives of Inland Steel, Pittsburgh Steel, Continental Steel, and Sheffield Steel, and by an official of the Concrete Reinforcing Steel Institute, who apparently offered themselves as spokesmen for small business.

This same shyness has also characterized the other large companies against which the Federal Trade Commission has brought basing-point cases. In the cement industry the five companies offered no testimony, and witnesses came only from Marquette, the sixth largest, and from Hercules and Nazareth, two smaller concerns. In the glucose industry, Corn Products Refining Co. kept aloof from the hearings, while Staley Manufacturing Co. and Penick & Ford, smaller concerns, supplied testimony. General Electric Co. and Youngstown Sheet & Tube Co., which were involved in the Conduit case, did not testify.

While the large concerns were avoiding public appearance, the hearings abounded in testimony from small steel fabricators and small users and distributors of cement.

This way of handling the matter reflected a carefully considered policy on the part of the large companies, far removed from indifference or resignation. Behind the scenes, they were vigorously pressing their customers to testify in favor of the legislation they wanted. Reports of such requests have come from enough different quarters to make it clear that a systematic campaign was conducted by the steel companies to drum up witnesses among the users of steel. Most of this effort appears to have been carried on by word of mouth, but nevertheless it has left clear traces. On September 13 the magazine Steel said that salesmen of National Steel Co. were suggesting to customers that they ask the Congress to take definite action to legalize basing-point selling. On September 21 the New York Times said that the president of Youngstown Sheet & Tube Co. had predicted a big drive on Congress to legalize the multiple basing-point system of selling steel, in which he expected thousands of steel consumers affected by the change to bring pressure upon Congress for legislation. In July, Ben Moreell, president of Jones & Laughlin, mailed a letter to every customer. The letter carried the title "The Right to Compete" and, after representing the company's pricing methods as being merely an effort to compete by absorbing freight and representing the Federal Trade Commission's basing-point cases as having made it unlawful to absorb transportation charges in order to meet competition, ended with this passage:

> We urge our customers and all others interested in the welfare of the country to give serious consideration to this matter. We believe that all will conclude, as we have, that prompt action by the Congress is essential if we are to continue to have the vigorous competition in this country which has been so fundamental to our national development.

Mr. Moreell's letter made no reference to the fact that the steel industry's pricing system which he described as competitive is now under attack in a Federal Trade Commission proceeding as a part of a price-fixing conspiracy.

In August, E. T. Weir, of National Steel Co., likewise addressed a letter to all customers. According to the New York Journal of Commerce, he described the effect of the cement decision as one which would localize steel production and fabrication in a few districts. He went on to say:

> There is no time to be lost. The quicker action is taken, the quicker relief can be secured. A great deal of work must be done. Since the type of Congress we had during the 1930's refused to do what the Supreme Court has done, there is every reason to expect that the type of Congress to be elected in November will act to reverse the court.

Under the conditions prevailing in the latter half of 1948, suggestions such as those contained in these letters had the

practical effect of commands. Steel fabricators in most lines were trying desperately to operate their businesses in the face of a severe shortage of their basic raw material, steel. Producers of steel were rationing their customers and refusing to accept new customers. Black market prices were far above open market prices. Under these circumstances, to reduce or delay the supply of steel to any customer had the same effect as fining him the profits upon some portion of his business, and to discontinue his supply of steel might amount to a sentence of business death. It was inevitable that as soon as the steel manufacturers took a strong position with their critically situated customers in favor of basing-point legislation, many of their customers would echo the same sentiments, and customers who disagreed would at least avoid public mention of the fact. To a lesser degree the same situation prevailed in the cement industry.

The intimidating effect of the steel industry's attitudes and activities broke into the public press upon at least one occasion. On October 14 the New York Times reported statements at the National Hardware Show in which hardware manufacturers said that the steel industry's abandonment of the basing-point system had reduced the costs of raw materials and enabled them to pass price reductions on to their customers. According to the news report, hardware makers requested that their names be kept confidential for fear that, if identified, they might be disciplined by their suppliers for daring to speak their minds.

The passage from the news report reads as follows:

> Citing a typical price reduction resulting from f. o. b. mill pricing, a garden-tool maker reported that these savings had enabled him to reduce his prices 1 percent. However, he feared reporting the reduction because of possible loss of steel allocations. In other products, even larger price reductions were named by exhibitors who did not want their companies mentioned because of fear of trade reprisals.

With this background, it is no wonder that the businessmen who appeared before the Capehart committee were almost unanimously in favor of legislation that would draw the teeth of the Federal Trade Commission.

The propagandists for the basing-point system did not neglect labor groups. Their efforts to cajole and frighten their employees were described before a Senate committee on February 18 by Otis Brubaker, director of research, United Steelworkers, CIO, in the following language:

> This propaganda offensive has also extended into the mills and factories, as well as in the public press and radio. Some managements have carried this campaign directly to their employees through their collective-bargaining agencies. A number of our own local unions have received appeals from their employers for support in this controversy. Some few smaller and less experienced locals have acquiesced to these requests either out of respect for their employers or because they have been sold a bill of goods and have joined their companies in fearing the effects of price competition on their particular companies. Most of our locals, however, apprised the union's international officers of these requests and asked for advice in answering them, or asked if the international had investigated the matter and had taken a position. Some of these management statements to the local unions in their plants have threatened plant shut-downs, lay-offs, and curtailment of operations. Is it any wonder that many local union members have been concerned?

Propaganda was not the only means used to persuade the business community. The abandonment of basing-point selling by the steel industry last July was manipulated in such a way as to make the change objectionable to consumers and thereby strengthen the demand for legislation. This point was widely noted in the business press. On July 8, the Wall Street Journal quoted an unnamed executive of a large manufacturing concern as having said:

> The pressure on Congress to pass legislation to make freight absorption a legal business practice probably will be terrific as the result of U. S. Steel's action. For a lot of steel users, it means higher prices. Many toes will be pinched. Apparently steel officials felt that they couldn't win their price case before the courts so they are using this means to take it to the people.

On the same day a signed article in the New York Journal of Commerce pointed out that—

> Ending the basing-point system during a sellers' market, as at present, will have sharply different results from what would be expected if the move were forced during a buyers' market. * * * Congress, it is believed, will consider legalizing the basing-point system when it sees inflationary effects upon prices of the change to an f. o. b. basis.

Three days later the same reporter said that the steel and cement leaders were taking the position that—

> Congress did not pay attention to us, but they will listen to thirty or forty thousand steel or cement consumers when they realize that their votes are at stake.

Talk about intimidation by lobbies! One has only to read the history of this story of propaganda to see at its worst lobbying as practiced on Members of Congress.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. MORSE. For what purpose?

Mr. MYERS. For a question.

Mr. MORSE. I am very sorry, but to catch my plane I must complete my formal remarks expeditiously. If I have any time left, I shall be glad to yield to the Senator from Pennsylvania.

Mr. MYERS. I hope the Senator will have a little time left.

Mr. MORSE. I hope so. If not, I shall be glad to debate with the Senator from Pennsylvania tomorrow.

On August 17 Iron Age remarked:

> The last word on the subject has not yet been heard. A number of steel consumers have already yelped loudly upon feeling the impact of f. o. b. selling. But the loudest squawk of all will come from steel consumers who, after studying the matter, decide that their method of selling their own finished product is illegal. Maybe the steel industry is counting on their protest to bring congressional action to legalize the basing-point method of selling.

The change to f. o. b. sales was made objectionable in several ways. First, although the base prices for steel had been set high enough to allow for the costs of freight absorption, these prices were not adjusted downward when freight absorption was abandoned. Instead, the full amount of the freight formerly absorbed was added to the price. Thus, prices were raised. Shortly after the change, base prices were substantially increased and though the industry did not represent this increase as due to f. o. b. mill selling, many consumers of steel could be counted on to connect the two changes.

Second, the steel companies used the shift to f. o. b. mill selling as an excuse to complete their withdrawal from the territory in which they had formerly absorbed freight. In a sellers' market, with more demand than they could satisfy, they had found it unprofitable to absorb freight to make distant sales when they could sell nearby without absorbing freight, and the cost of the practice had been increased by higher freight rates. For this reason, steel companies had been steadily withdrawing from those markets in which freight was absorbed. A report by the Senate Committee on Small Business last February showed that by 1947, before the industry contemplated selling f. o. b. mill, this withdrawal had gone so far as to reduce the supply of steel to many parts of the country well below what it had been in 1940. The committee's report makes it clear that an effort to avoid absorbing freight was the principal influence in this change. But every such withdrawal brought protests from consumers who, when cut off by their former suppliers, could not persuade other producers to supply them; and in consequence a certain amount of freight absorption still existed in the early part of 1948. The change to f. o. b. mill selling gave the steel industry a chance to kill two birds with one stone. First, it got rid of the rest of its costly freight absorption and shifted the blame to the Federal Trade Commission; and, second, it converted the buyers who suffered from the change into an army of zealous supporters of the modification of the law which the steel industry desired.

Otis Brubaker, of the United Steelworkers, CIO, has forcefully described the character of the steel industry's shift to f. o. b. mill pricing. Testifying before a Senate committee on February 18, he said:

> It must be remembered that the steel industry was not forced to change over to an f. o. b. system last August. There was no order outstanding against it or even pending. The industry was at that time only well started on what may well be long-drawn-out Commission and Court proceedings. At worst, the industry might have eventually been ordered years later by the Commission and the Court to cease and desist from using the basing-point system any longer. Had the industry really believed that the law as it stood and as it was interpreted by the Commission and Court required f. o. b. pricing, it would certainly have agreed to cease its costly case before the Federal Trade Commission. Instead it has kept that case going while it attempted to cut the ground out

from under that "Court" by getting the law changed. * * *

Had the industry been willing to make a fair switch to f. o. b., it would have reduced its former base prices to exclude the average net freight absorption factor (about $1 per ton). This would have meant lower base prices to all consumers, which would have resulted in lower delivered prices to consumers closer to mills and higher delivered prices to those farther away. Some consumers would have gained; others would have lost. Instead, in this instance, the industry simply announced that its old base prices, which included average freight absorption, were now the new f. o. b. prices. This meant that no one would gain and many would lose through higher steel costs. Then as though it wished to make this lesson deeply clear, the industry, within a period of from 1 to 2 weeks, raised steel prices by more than $10 per ton, the largest general increase made effective in many years. All of the consumers paid more, and most blamed it on the Federal Trade Commission. No buyers gained as they should have and so none appeared to champion the FTC. We do not contend that the industry deliberately planned such a result, though this has been asserted. We do say, however, that the industry must have been aware that this would be the result, and, even had it intended this result, it could not have planned a course better designed to alienate support for the Federal Trade Commission's attempts to curb the abuses of basing-point pricing systems generally.

In September of last year, the public-relations firm of Ketchum, Inc., a subsidiary of Ketchum, MacLeod & Grove, of Pittsburgh, was employed by anonymous persons at a compensation of at least $11,000 a month plus expenses to get the law amended. It undertook to organize a so-called National Competitive Committee with chapters in Pittsburgh, Houston, Cincinnati, Dayton, Cleveland, Philadelphia, and Tulsa, and with other chapters contemplated in 17 other cities. At first this organization refrained from registering under the Lobbying Act, but finally did so on November 26. Executives of the public-relations firm replied to newspaper inquiries as to who supplied the money for the campaign by saying that they were not at liberty to give the names. Iron Age subsequently announced that the program was being financed by membership dues which ranged from $100 to $1,000 per member.

In December, eight employees were traveling around the country organizing local chapters. On December 22 the manager of the campaign informed a reporter that his public-relations company was organized to perform such jobs as delivering to a client a ready-made Nation-wide grass-roots organization. The reporter's account of the interview contained this passage:

I asked him if it wasn't true that the new fashion in lobbying was to avoid anything so conspicuous as a Washington office and contact Members of Congress through local figures in their communities. He said it was.

This lobbying effort was one of the best organized, one of the most heavily financed, and one of the most adroitly deceptive that has ever been addressed to the Congress of the United States. It puffed up the desire of a few monopolists so that they seemed to be the voice of American business. It deceived a large part of business and a goodly number of the Members of the Congress as to the nature of the law, the decisions of the courts, and the policy of the Federal Trade Commission. It almost succeeded in modifying the basic monopoly statutes of the United States so that they could no longer assure competition. This is an impressive achievement. The anonymous donors who supplied $11,000 a month plus expenses got their money's worth until the existence of the lobby was disclosed by newspapermen last December. From that time to this moment, excitement about changing the law has been dying away, misrepresentations have been less successful, and many of the advocates of legislation have been in retreat from direct to more roundabout ways of accomplishing their purposes.

The propaganda about the basing-point issue has not been confined to sending stooges before a Senate committee and intimidating the opposition to the steel industry's program. It has included misstatement of the facts and the issues through every channel by which the opinion of the public could be influenced. The Federal Trade Commission's proceedings have been misrepresented. The Federal Trade Commission's policy has been misrepresented. The effect of the proposed legislation upon the pricing practices of the basing-point industries has been misrepresented.

I realize, Mr. President, that these are strong statements. I shall attempt to show that they are true ones.

The Federal Trade Commission's prosecutions and policies have been consistently represented as efforts to prevent businessmen from absorbing freight or from selling at delivered prices, with the objective of forcing all business to adopt a rigid practice of selling products f. o. b. mill. Through these representations, an effort has been made to persuade every producer in the United States, large or small, who is not selling f. o. b. mill already, that the Commission is trying to force him to change his pricing practices. The propaganda has implied that the Commission's attitude does not grow out of an effort to preserve competition, but is dogmatically applied even where the effect would be to reduce competition.

What are the facts? Four of the Commission's basing-point cases have reached the Supreme Court. The Commission has decided a few other cases in which the findings about basing-point systems or zone-price systems were an important part of the decision. In all these cases but two, the Commission has charged and found that the basing-point or zone-pricing system was used as a part of the means by which a price-fixing conspiracy was brought about. In the two remaining cases, it has charged and found that price discriminations not justified by differences in cost have injured competition. In the only case in which the conspiracy issue has reached the Supreme Court, that of the Cement Institute, the Court sustained the decision and complimented the Commission upon the comprehensive and expert nature of its findings. In the two price-discrimination cases that have reached the Supreme Court, the Commission's findings were also sustained. In the basing-point conspiracy cases that have reached the circuit courts, the Commission's findings of conspiracy were sustained.

In some of the conspiracy cases, notably the cement case, there was a second count which charged that the prices which were fixed by conspiracy were also illegally discriminatory; and where this charge reached the courts, it, too, was sustained. In every such case the Commission found, and in every case reviewed the court sustained the finding, that the discrimination in price injured competition, and that it could not be justified by differences in cost, and that it was not made in good faith to meet the prices of a competitor. Discussion of these cases in the propaganda for amendment of the law has been carried on as though the findings of the Commission had never been made and had never been sustained by the courts, or as though they were obviously untrue; but no reasons have been advanced to date that would support an assumption that the Commission and the courts were not right. Such efforts to shake the confidence of the public and the Congress in our machinery for law enforcement are propaganda at its most irresponsible level.

Misrepresentation of the Commission's cases has reached its pinnacle with reference to the conduit case. Here the Commission's complaint had two counts. The first count charged a conspiracy on the part of the Rigid Steel Conduit Association and its members, including such concerns as General Electric Co., Youngstown Sheet and Tube Co., and Republic Steel Corp., to fix the prices of the steel pipe which is used in buildings as a container for electric wiring. This conspiracy was richly proved by many kinds of evidence. For example, the Commission's findings included a letter from a trade association official to a member of the industry who had filed a low price, which read in part:

The filing of price lists, if these lists happen to be uniform, will assure all uniform quotations made on any inquiry, whether from the Government or a private individual, but with the matter of the delivery charges left up in the air as it has been, there is room for differences. I am therefore calling for the filing of these delivery charge schedules.

The importance attached by the members of the industry to the maintenance of uniform delivery charges is indicated by an association rate bulletin which is also quoted in the Commission's findings. The foreword to this bulletin said:

The freight rates listed herein are to be used to ascertain delivery charges in figuring f. o. b. destination prices to all points in the United States and their possessions. Where the freight rates shown are from Pittsburgh, Pa., the Pittsburgh basing prices must be used. If the freight rates shown are from Chicago or Evanston, Ill., the Chicago or Evanston basing prices must be used.

In 1937 the man who prepared the freight-rate bulletins suggested that henceforward the freight schedules be published and distributed by the individual companies. The Commission

found that this change in form did not make any change in fact and that the bulletins were still intended for use as a common factor in pricing conduit. In November 1939, a representative of one of the companies wrote to his associates:

Mark this interesting language:

Please note this memorandum and destroy.

Mr. President, I believe in working out in the open, in public. When we run onto bits of evidence such as this, I believe we have a right thoroughly to consider the motivation behind such attempts as this propaganda represents to have Congress pass legislation of this type, which in my judgment will do serious injury to small business in the United States and will greatly intensify the monopolistic grip of a few businesses on the throat of the American free enterprise system.

Note this language:

Please note this memorandum and destroy. There was a meeting of the various manufacturers of conduit in New York on November 16 at which all major manufacturers were represented except Triangle. * * * the dropping of the Chicago base was briefly discussed but it was decided not to do anything about it for the time being because of the possibility of investigation.

"Nice business," Mr. President—but reprehensible business, and a clear indication of what the monopolies are up to, so far as our competitive system is concerned. Are they attempting to improve or maintain the competitive system? Not at all, Mr. President; they are trying to strangle it. That is the intention of the monopolies, with the result that the small-business men today are being strangled by the monopolies in America.

The Commission's findings also include a summary of the efforts of members of the industry to maintain uniform prices by using uniform consignment contracts which gave the manufacturers control over distributors' prices, by agreeing to discipline distributors who did not observe the approved prices, by fixing discounts, and by investigating the prices at which particular sales were made. Considered as a whole, the Commission's findings are conclusive that the members of the industry were determined to fix prices and that they were trying to carry on their price fixing so that it would appear to be merely individual action.

The second count of the Commission's case was an effort to penetrate the camouflage which the industry had erected about its conspiracy. This count was clearly designed to enable the Commission to order the companies to quit observing the pricing formulas which they had developed to a point at which their conspiracy might be expected to work automatically. It was obviously intended to prevent the companies from continuing to do what they did before on the pretense that what had begun as conspiracy was now merely individual action. Its plain purpose was to let the Commission issue an order which could be enforced without the necessity of bringing a new charge of conspiracy and so, in effect, being required to try the original case all over again. This count charged that each of the members of the industry used the industry's basing-point system knowing that all the others were using it and knowing that the inevitable effect of this concurrent use would be to eliminate price competition and that in fact this industry-wide use of the system did eliminate price competition. Under this second count a conspiracy was not charged, but the facts set forth were enough to justify a charge of conspiracy. Finding that the count was sustained, the Commission used it as a basis for an order which forbade use of the basing-point method of pricing and of pricing practices akin to it by any respondent. As the Commission said:

For the purpose or with the effect of systematically matching delivered-price quotations with other of said respondents or producing the equivalent of such matched delivered prices through systematic discriminations in the mill nets received on sales to different purchasers.

Lawyers may reasonably find it difficult to distinguish between the Commission's charge in count 2 and its conspiracy charge in count 1. They may reasonably wonder whether the Commission really needed count 2 in order to sustain an order which forbids each member of an industry from doing his part in the maintenance of an industry-wide price conspiracy that was automatically maintained by formula. There is no need for us to make up our minds here whether we think the Commission's handling of the case was wise or unwise. What is clear is that the Commission's eye was fixed upon conspiracies and the ways to prevent them and that its order against the systematic matching of delivered price quotations throughout the industry had nothing to do with the practices of the many competitive industries which have not spent a quarter of a century developing a price-fixing formula. Even if this were not clear in the findings and order themselves, it would have become clear in the subsequent statements which the Commission has made public. On October 12 the Commission released a statement of policy which it had addressed to its staff. This statement discusses the Conduit case in the following language:

In the Rigid Steel Conduit case the Commission found, and the circuit court agreed, that adherence to an industry-wide basing point formula, with the knowledge that other concerns are adhering to it also, constitutes in itself a violation of the Federal Trade Commission Act by the individual adhering companies when price competition is thereby eliminated. It would have been possible to describe this state of facts as a price conspiracy on the principle that, when a number of enterprises follow a parallel course of action in the knowledge and contemplation of the fact that all are acting alike, they have, in effect, formed an agreement. Instead of phrasing its charge in this way, the Commission chose to rely on the obvious fact that the economic effect of identical prices achieved through conscious parallel action is the same as that of similar prices achieved through overt collusion, and for this reason the Commission treated the conscious parallelism of action as violation of the Federal Trade Commission Act. Should the Supreme Court sustain the Commission's view, the effect will be to simplify proof in basing-point cases, but to expose to proceedings under the Federal Trade Commission Act only courses of action which might be regarded as collusive or destructive of price competition.

Again, on February 11, 1949, in reply to questions submitted by the Senator from Colorado, Commissioner Davis, with the concurrence of Commissioners Ferguson and Ayres, made clear the Commission's position about the Conduit case in the following language:

Both the Cement Institute and the Rigid Steel Conduit cases were basically conspiracy cases, and the precedents established in those cases are, in my opinion, applicable only in conspiracy situations. * * * In my opinion, the second count of the Conduit case is not susceptible of application except in conspiracy situation. The legal theory of that count charges a practice followed by each of a group of sellers with knowledge by each that the same practice is being followed by all other members of the group, as well as with knowledge of the results of the common use of the practice, and that those results are in fact the restraint and suppression of competition. The facts of record in the Conduit case were such that the Commission might have elected to include Spang-Chalfant and Clifton Conduit in the order under the first count. Both had knowledge (or such knowledge could reasonably be imputed to them) of the origin and purpose of the practices adopted and followed by them. Since I view the second count of the Conduit case as, in practical effect, equivalent to a conspiracy, although the word "conspiracy" is not used, I see nothing inconsistent in dismissing the first count as to these two respondents and including them in the order under the second count. The character of their participation and the proof concerning it conformed more precisely to the second count than to the first count.

To the question "Is the practical effect of the Commission's order in the Rigid Conduit case to require f. o. b. mill selling in that industry?" the Commissioner replied:

No. It was intended, however, to have the practical effect of preventing the respondents in that proceeding from continuing to use the basing-point pricing system which had been established and maintained by conspiracy, or from substituting for it the industry-wide use of any other pricing formula which produced the same result, and thus nullifying the effect of the proceeding.

In the face of this record the propagandists for amendment of the laws against monopoly have persistently attempted to show that count two of the Conduit case is a part of an effort to require everyone in the United States to sell f. o. b. mill, and that it is a threat to every competitive business enterprise that does not already sell f. o. b. mill.

This argument was made, in effect, by counsel for General Electric Co. before the circuit court of appeals. His brief said that the questioned raised was whether it is lawful for the company, acting individually and without collusion, to meet competition in good faith by offering its goods in markets nearer its competitors at the prices prevailing in those markets. He presumed without argument that to follow the same price formula as everyone else in the industry, in the knowledge of the fact that this formula eliminated price competition, constituted merely a meeting of competition in good faith. Assuming that because General Electric Co. could not comply with the order if it continued to

follow the same old basing-point system, it, therefore, could not absorb freight at all, he argued that without freight absorption the company could not do a national business. Starting with this basic misrepresentation of the issue, the brief then eloquently defended the right to quote varying prices to meet competition and eloquently argued against Balkanization of the United States and creation of local monopolies. Mr. President, that is to laugh. It is to laugh, to hear the general counsel of General Electric talking about trying to avoid locol monopoly.

This balderdash was considered and rejected by the court as summarily as it deserved to be. The circuit court's opinion summarizes the contention of the respondents that individual freight absorption is not illegal per se and that a seller finds it necessary to adjust his own price to meet the market price. The opinion then proceeds to describe the practices of the industry in language which makes it clear that the court realized that competitive freight absorption was not at issue. It said—and listen, Mr. President, to this language of the court:

Each conduit seller knows that each of the other sellers is using the basing-point formula; each knows that by using it he will be able to quote identical delivered prices and thus present a condition of matched prices under which purchasers are isolated and deprived of choice among sellers so far as price advantage is concerned. Each seller must systematically increase or decrease his mill net price for customers at numerous destinations in order to match the delivered prices of his competitors. Each seller consciously intends not to attempt the exclusion of any competition from his natural freight advantage territory by reducing the price, and in effect invites others to share the available business at matched prices in his natural market in return for a reciprocal invitation.

That is the court speaking. It is clearly describing what I think is a reprehensible practice on the part of those found guilty of this type of restraint of trade.

The court then sustained the Federal Trade Commission's order. A subsequent tie vote in the Supreme Court confirmed this circuit court opinion.

The propaganda to amend the laws against monopoly has ignored both the Commission's findings and the Court's opinion in this case in order to adopt and popularize the contentions of counsel for the respondents. In the face of the record that I have just recited, this propaganda has asserted over and over that the effect of the Commission's action in the case is to prevent a single seller from reducing his prices to meet the prices of his competitors if the result is that these prices become identical, and that the effect is also to prevent any seller from adopting a pricing practice if he knows that any other seller is using the same practice. The only evidence other than assertion which has been offered to prove these statements consists of passages in the Government briefs, torn from context, and used in disregard of the official, interpretations of the case by the Federal Trade Commission itself. The Commission has said that it intended no such effect as is alleged and that it has not produced it. The circuit court rejected the argument that there was any such effect and made clear that what is at issue is a dogged industry-wide adherence to a formula that originated in conspiracy and that, so long as it persists, eliminates all price competition. Nevertheless, the propagandists continue to pretend that price formulas which eliminate competition are the same thing as price competition itself. They have addressed their propaganda to countless little-business men who, never having used a basing-point system for price-fixing purposes, have only a shadowy notion of what the Commission has been fighting against. The propaganda has alarmed many and in consequence has persuaded honest and sincere businessmen to join the clamor for a change in the law.

The propaganda has misrepresented the policy of the Federal Trade Commission as consistently as it has misrepresented the Commission's cases. A strenuous effort has been made to persuade the Congress that the Commission is trying to stretch the law by interpretation, so that every American business will be required to sell f. o. b. mill.

To use a slang phrase, Mr. President, "It just ain't so."

In trying to prove this point the propagandists have scraped the bottom of the barrel. They have succeeded in showing that in 1936 a Federal Trade Commissioner who is no longer a member of the Commission, acting as spokesman for another Commissioner who is now dead, read a statement before a Senate committee in which he endorsed a bill to outlaw basing-point pricing. They have also shown that the Federal Trade Commission, along with all others who were members of the Temporary National Economic Committee, recommended that the basing-point system be outlawed. The other participants in that recommendation included the Assistant Attorney General in charge of the Antitrust Division; the representatives of the Securities and Exchange Commission; the representatives of the Department of Labor, the Department of Commerce, and the Treasury Department; the senior Senator from Wyoming; James Mead, former Senator from New York; Wallace White, former Senator from Maine; Clyde Williams, former Representative from Missouri; Hatton Sumners, former Representative from Texas; and Carol Reese, former Representative from Tennessee. The unanimous recommendation of these persons from both parties, both Houses of Congress, four Government departments, and two independent commissions has not led the propagandists to admit that there is something questionable about the basing-point system; nor have they made this recommendation the basis for a charge that efforts to smuggle an f. o. b. mill system into the law are being made by the senior Senator from Wyoming or any of the other Members of Congress or any of the other Government agencies that participated in the recommendation. However, the fact that the Federal Trade Commission was a party to the recommendation has been offered as proof that the Commission's basing-point proceedings must have some purpose quite different from that which they profess. The propagandists have also shown that an associate general counsel of the Federal Trade Commission, in his individual capacity, believes that f. o. b. mill pricing would be good for the country, though he does not believe that the present law requires it.

From such thin materials as these, the propagandists have concluded that the Federal Trade Commission is trying to interpret the law so that everyone must price f. o. b. mill. The Commission's official statements have been discounted, disregarded, or represented as a retreat under fire.

But what is the Commission's own policy as set forth by it officially? On June 2, at the very outset of the controversy, Robert Freer, then Chairman of the Commission, testified before a Senate committee as follows:

Certainly, it is unwarranted to assume that the effect of this (the cement) decision is to outlaw all delivered prices or to require only f. o. b. mill prices. The Cement case is simply a reaffirmation of a principle which is a fundamental one in the law and economics of this country that collusion and combination and conspiracy to fix and maintain prices is contrary to the American system of free enterprise. * * * The Commission has no desire to suggest how prices should be quoted in any industry or to advise or participate in any decisions of business management.

On January 12 of this year the Commission made public a reply to questions from the Chamber of Commerce of the State of New York, one of which was whether the Commission favors imposition of f. o. b. mill pricing. The answer was:

The Commission does not advocate the imposition of a requirement that business enterprises price their goods f. o. b. mill or that they use any other form of geographic pricing practice. In the Commission's opinion, one of the principal virtues of the antitrust laws is the fact that they maintain freedom of choice and variety of behavior among businessmen, favoring only the specific practices and conditions which have been condemned by law as destructive of competition.

This statement by the Commission went further to indicate that the basing-point system is not regarded by the Commission as contrary to law in all cases. It said:

It is the Commission's view that the law permits a single enterprise to use any pricing practice it may choose, including the quotation of delivered prices computed from one or more basing points, unless that practice involves price discriminations which injure competition within the meaning of the Clayton Act.

The propaganda has misrepresented the nature of the basing-point system and the bearing of the desired legislation upon it. I have already quoted from the trade press of the steel industry declarations that the industry's purpose is to restore the basing-point system just as they used it before. That is what the monopolists are after, and the Senate of the United States should not let them get by with it. Before the propaganda effort had become fully organized, the trade papers of the steel industry not

only admitted this fact but pointed out that there was nothing in the recent decisions which outlawed freight absorption to meet competition. Thus on May 13, 1948, Iron Age carried an article by John Anthony of its editorial staff, which said:

> The metal industry is of the opinion that the (cement) decision does nothing to outlaw independent producer action to meet competitive prices at any delivery points.

In the same issue, Eugene Hardy wrote that any idea that in the immediate future Congress would legalize any price-fixing system, whether basing point, zone, or other type, should be dispelled and that therefore Congress was being urged to attack the problem from an oblique angle. He suggested that a rule of reason or a trade practice conference procedure be developed applicable to such questions.

During the summer of 1948 the propaganda line was perfected. The offensive phrase "basing-point system" was discarded, and the pricing practices of the steel industry were represented as though they had been no more than merely absorbing freight where it was necessary to do so in order to meet competition. The letter from Ben Moreell, of Jones & Laughlin, which I have already quoted, said that this company would "discontinue pricing its products on a competitive basis through freight absorption." It said that the company took no issue with the Federal Trade Commission and the courts as to enforcement of the laws against price fixing and that—quoting from the letter of the president of Jones & Laughlin:

> We do not seek to perpetuate the basing-point system. We do not seek a rule which would permit the collection of phantom freight. All that we seek is the right to compete. In order to restore this basic principle, we believe it is essential that the Congress amend the applicable laws. There should be no statutory prohibition against charging lower mill prices to some customers than to others, when such low prices are necessary to permit products to be sold in a distant market to compete with another producer more favorably located with respect to that market.

Mr. President, that is a very interesting concept of free competition, that we should now fall for this line being offered in the Senate of the United States, that we should adopt the theory of the president of Jones & Laughlin, and obviously put to great disadvantage a small producer who, under our free competitive system, has placed himself in a position so that he can compete. Jones & Laughlin would take the advantage away from him. Since when has the American system of free competition reached the point that it should rest on the theory of uniformity from coast to coast and north to south so that the monopolists can take advantage of the small fellow who is trying to build his plant and develop his product in a locality or territory where the very location of the plant itself may give him a competitive advantage? Why should it not, if we are to have a free competitive system?

I care not what velvet words the president of Jones & Laughlin uses in his letter. His own language shows his intent, namely, to take advantage of the small producer who, under our competitive system, as the result of the location of his plant, may find himself in a position to compete with Jones & Laughlin.

On October 7 an article by Eugene Hardy, of Iron Age, made the strategy of this campaign in favor of freight absorption quite clear. He wrote that steel leaders were convinced that Congress would not legalize basing-point pricing or any other price system by name and that an effort to do so would require exhaustive definition which the Federal Trade Commission's attorneys might "misconstrue." He then said:

> Accordingly legislation to relieve the Commission of its weapons of attack on delivered pricing is receiving active consideration in steel circles.

He then mentioned three possible ways of accomplishing this result, one of which has subsequently become the basis of the industry's effort to persuade the Congress to legislate. It was to "make a clear legislative statement that any seller is privileged to make a lower price to meet a competitor's equally low price, and to do so as frequently and systematically as he wishes and without regard to whether his competitors may meet his and each other's prices."

As the distinguished Senator from North Dakota [Mr. LANGER] has pointed out in his minority report on S. 1008, the effect of any such blanket authorization to absorb freight for the sake of quoting identical prices would be to legalize the entire mechanism of a basing-point system.

A second suggestion which was contained in the same article in Iron Age was that the Commission be prevented from issuing a cease-and-desist order requiring the discontinuance of any method of pricing which was not inherently unlawful, even when that method of pricing had been the subject of a conspiracy. This proposal makes clear the purpose to permit an industry caught in a conspiracy proceeding to continue the use of its old price formulas on the plea that they are now individual, even after the price fixing has been proved, and thus to make the Commission's order against the conspiracy a nullity. Apparently the organizers of the propaganda decided after further consideration that this proposal was so bare-faced as to be unwise; for it has not been pushed. Instead, the steel industry apparently relies upon the hope that if Congress specifically legislates in favor of industry-wide freight absorption that produces identical prices, the Commission will find it extremely difficult, if not impossible, to prove a conspiracy in the use of such a system or to order the discontinuance of such a system even after the conspiracy is proved.

If there can be any doubt as to the purpose which moves the steel companies in their efforts to get legislation, it should be dispelled by the testimony of Otis Brubaker, director of research of the United Steelworkers, CIO, before Senate committees on February 18 and March 30, 1949. He pointed out that while the steel companies have been arguing that the law now requires them to sell f. o. b. mill, and have been doing so on the products as to which they found it profitable, some of these same companies have been absorbing freight to meet competition in the stainless-steel branch of the industry and that one of them is doing so in forgings. He emphasized the fact that as the buyers' market develops these companies are absorbing freight upon an increasing number of products. He then said:

> Representatives of my union have been approached repeatedly by various companies which we have under contract asking for their support first, for S. 236, now for S. 1008, and H. R. 2222. They will tell us, if not you, that these amendments would permit them to return to their former basing-point systems. And, most importantly, they do plan to return to such a system in the near future. * * * As bluntly as it knows how, the CIO states to you that this pending legislation is the kind of legislation desired by the steel industry and by other price-fixing industries.

These are the broad outlines of the campaign by the steel industry and other monopolistic industries to get the law amended. They have misrepresented the Federal Trade Commission's policy and the results of the Federal Trade Commission's proceedings. They have misrepresented the nature of their pricing practices and have sought to identify maintenance of these practices with maintenance of competition. They have misrepresented the effect which they hope will flow from the proposed amendment of the law. By high-pressure tactics, veiled threats, and adoption of f. o. b. mill selling when it would be most inconvenient to their customers, they have obtained the support of many small-business men and have pretended that their whole campaign is a spontaneous expression of small business.

Mr. President, they have been motivated by monopolistic intentions. They seek to tighten the strangle hold of monopoly upon a free-enterprise system in America.

In closing, I wish most sincerely to thank the distinguished Senator from North Dakota [Mr. LANGER], and the acting majority leader, the Senator from Pennsylvania [Mr. MYERS], for making it possible for me to make these remarks for the RECORD tonight. I very much desired that they be in the RECORD, in the hope that at least some of my colleagues would scan them before the vote tomorrow. This is probably the best opportunity my colleagues in the Senate will have at this session of the Eighty-first Congress to strike a blow against monopolistic practices in America, and a vote against the pending bill is a vote against such practices.

I particularly thank the Senator from Pennsylvania for making it possible for me to catch a 5:35 plane. I shall be back on the floor of the Senate tomorrow, and I look forward to the pleasure of engaging in a discussion with him.

Mr. MYERS. Mr. President, I might say to my friend from Oregon that, of course, I much prefer to ask questions during the course of his speech rather than to wait until the speech is concluded. Certainly, I have always yielded during the course of any remarks I have had to make so that running debate

might occur during the course of the remarks. However, there may be some questions to be asked, in view of the words "propagandist," "reprehensible," and other such words, which were used with such abandon. Because such words were used I believe there is some necessity for clearing the RECORD, particularly so that my friend from Oregon will understand that no steel companies or any others came to the sponsor, the Senator from Pennsylvania, while the bill was being prepared. I really thought temporary legislation was needed, and I feared that the permanent legislation which had been offered to the Senate might cause even more confusion and that we should have more time to study it, particularly in view of the fact that we were awaiting the decision in the steel company case. Since it has been rendered by a vote of 4 to 4, one judge abstaining from participation, I feel there is necessity for clarifying the confusion at least to some extent. But I shall withhold my questions until tomorrow in order that the Senator may catch his plane.

Mr. MORSE. I shall look forward to having a discussion with the Senator later.

Mr. PEPPER. Mr. President, I am very hopeful that the pending measure will not be voted upon tomorrow. I know there are a good many Senators who desire to address themselves to this measure, of whom I am one. Although I am sure the distinguished author of the bill has in mind only the most salutary objectives for it, I feel that this measure is contrary to good sound public policy, as I humbly see it. It certainly adversely affects the South and her expanding industrialism, it seems to me. So I hope that the measure will not be voted upon tomorrow, and that I may have an opportunity to present my views upon the subject before the vote is had. I shall be back in the Senate on the day following tomorrow. If the occasion arises for a vote in my absence, however, I should like the RECORD to show that if present I would have voted "nay" upon the measure.

LEAVE OF ABSENCE

Mr. PEPPER asked and obtained consent to be absent from the session of the Senate tomorrow in order to attend to public business in Florida.

DEMOCRATIC JEFFERSON-JACKSON DAY DINNER

Mr. PEPPER. Mr. President, I regret that I shall have to leave the floor. I wish to offer something for the RECORD, though I do so at a time when the distinguished Senator from Maine [Mr. BREWSTER] is not in the Chamber. What I shall say is a continuation of a discussion I had previously with him when he referred to the Democratic Jefferson-Jackson Day Dinner as the feast of Belshazzar. I pointed out, I thought with perfect propriety, that obviously those who were familiar with the background of the Belshazzar feast understood that Belshazzar was a Republican king, and that his Republican lords were gathered around him at the feast, but I did not remember as well as did Mr. Grover C. Hall, Jr., the distinguished editor of the Montgomery Advertiser of Montgomery, Ala., that I was on solid ground, because the New York World in a front page article in 1884, during the Blaine campaign, pictured a group of the Republican illustrious gathered around the banquet board with the Republican candidate, Mr. Blaine. The names of all these distinguished men of finance are given, and then above are the words "The royal feast of Belshazzar Blaine and the money kings."

In this editorial in the Montgomery Advertiser, commenting upon the debate in the Senate, it was pointed out by Mr. Grover C. Hall that had the Senator from Florida been a little more thoroughly familiar with our political history he would have immediately recalled the distinguished cartoon in the great newspaper, the New York World, to which I have adverted. So I ask unanimous consent that the editorial, and so far as may be possible, the cartoon, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE FEAST OF BELSHAZZAR, 1884

The Advertiser exhumed the above front page cartoon of the late and considerably lamented New York World to cast more light on Belshazzar's feast and on whether the Babylonian monarch was a Republican.

The controversy arose out of the $100 a plate Jackson Day dinner in Washington. Republican Senator BREWSTER, bilious with envy, took a look at the pomp and circumstance and the diamond-back terrapin soup menu and y-clept it a perdition passover—feast of Belshazzar.

Democratic Senator CLAUDE PEPPER, an Alabama lend-lense item to Florida, stood full in the combat position and declaimed:

"Obviously, Belshazzar was a Republican king."

We do not question that Senator PEPPER is correctly informed on that monarch's party affiliation; however, the statute of limitations has intervened. In PEPPER's haste to retaliate, he overlooked the devastating precedent of 1884.

That was the year of the campaign between Grover Cleveland and the Republican James G. Blaine, the continental liar from the State of Maine.

Blaine apparently had the election won until one night a group of parsons in politics called on him in New York and assured the Republican candidate that they were no mugwumps.

"We don't," quoth the Rev. Dr. Burchard, "propose to leave the Republican Party and identify ourselves with the party whose antecedents have been rum, Romanism, and rebellion."

Blaine was perhaps too tired and bored with the clerics to repudiate this anti-Catholic slur and he went on to a banquet at Delmonico's with such ones as Jay Gould, William (the public be damned) Vanderbilt, Andrew Carnegie, Russell Sage, John Jacob Astor. That became the Feast of Belshazzar.

The New York World knew what to do with that one. It ground out the above front page with the result that Blaine lost New York and the election to Cleveland.

EXECUTIVE SESSION

Mr. MYERS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on Foreign Relations.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

Harrison Parkman, of Kansas, to be purchasing agent for the Post Office Department; and

Five hundred and eighty-three postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

FEDERAL POWER COMMISSION

The legislative clerk read the nomination of Thomas Chalmers Buchanan, of Pennsylvania, to be a member, for the remainder of the term expiring June 22, 1952.

Mr. THYE. Mr. President, I request that this nomination may be passed over to another session.

The PRESIDING OFFICER (Mr. LONG in the chair). Without objection, it is so ordered.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Addington B. Campbell, of Port Norris, N. J., to be collector of internal revenue, first district of New Jersey.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTORS OF CUSTOMS

The legislative clerk read the nomination of Leo E. Trombly, of Altona, N. Y., to be collector of customs, customs collection district No. 7, with headquarters at Ogdensburg, N. Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Clara E. Sarvela, of Duluth, Minn., to be collector of customs, customs collection district No. 36, with headquarters at Duluth, Minn.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

SURVEYOR OF CUSTOMS

The legislative clerk read the nomination of Richard W. McSpedon, of Yonkers, N. Y., to be surveyor of customs, customs collection district No. 10, with headquarters at New York, N. Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed, and, without objection, the President will be notified in all cases.

PRICING PRACTICES—MORATORIUM

The Senate, in legislative session, resumed the consideration of the bill (S. 1008) to provide a 2-year moratorium with respect to the application of certtain antitrust laws to individual, good-faith delivered price systems and freight-absorption practices.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. MYERS. I yield.

Mr. O'MAHONEY. Earlier this afternoon I announced that it would be my purpose to present a substitute for the bill which is the unfinished business. I have had a conference with the Senator from Pennsylvania [Mr. MYERS] with respect to it, and I have no doubt that we shall have some future conferences with regard to it, but there is so much interest in the matter that I feel I should introduce the bill and ask that it be printed at length in the RECORD so that all members of the committee and of the Senate, upon receiving the CONGRESSIONAL RECORD in the morning, may have the full text of the proposal which I am about to make.

Mr. President, I had intended and had hoped that I might be able to return to the Senate in time to make an explanatory statement, but in view of the lateness of the hour and the fact that it would be very difficult to obtain a quorum at this time, I shall not attempt to make an explanatory statement here.

Let me say only that my feeling is that a mere moratorium is not sufficient to deal with the very substantial problem which confronts us. I feel that any law of Congress which is so ambiguous that the Supreme Court decides 4 and 4 with respect to its interpretation needs clarification. There is only one agency in the Government, and that is the Congress, which can take the initial legislative steps necessary to clear away the ambiguity.

It seems to me that we have two questions here. One of them is to deal with the question of ambiguity, but the other is to make certain that there shall not be opened any additional doors to violations of the antitrust laws. Conspiracies to restrain trade, agreements to fix prices, combinations which are violative of the intent and spirit of the traditional antimonopoly laws of the United States are so injurious to the public interest as a whole that they should not be invited by ambiguity. I therefore feel that I should invite scrutiny of the measure which I am offering, so that that door to monopolistic practices may be closed, if I have been unsuccessful in closing it in the drafting of this measure. I think I have not. I think I have successfully dealt with that phase of the problem. At the same time, it is a bill which will clear away the confusion which has resulted from the same facts which made the Supreme Court itself divide 4 to 4 as to the amendment of the law.

Mr. President, this should be introduced as a bill and be referred, I think, to the Committee on the Judiciary. Thereafter, during the debate, I shall offer it as a substitute for the pending measure.

I thank the Senator from Pennsylvania.

There being no objection, the bill (S. 1974) to define the application of the Federal Trade Commission Act and the Clayton Act to certain pricing practices, introduced by Mr. O'MAHONEY, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

SECTION 1. That the Federal Trade Commission Act (38 Stat. 719, as amended; 15 U. S. C. 45) is amended by adding at the end of section 5 (a) the following:

"It shall not be an unfair method of competition or an unfair or deceptive act or practice for a seller, acting independently, to quote or sell at delivered prices or to absorb freight, provided that this shall not make lawful any combination, conspiracy, or agreement, or any monopolistic, oppressive, deceptive, or fraudulent practice or other practice violative of law, carried out by or involving the use of delivered prices or freight absorption."

SEC. 2. Section 2 (a) of an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914 (38 Stat. 730, as amended; 15 U. S. C. 13), is amended by substituting for the period at the end thereof a colon and adding thereto the following:

"*And provided further*, That it shall not be an unlawful discrimination in price for a seller, acting independently

"A. to quote or sell at delivered prices if such prices are identical at different delivery points or if differences between such prices are not such that their effect upon competition may be that prohibited by this section; or

"B. to absorb freight to meet the equally low price of a competitor in good faith, and this may include the maintenance, above or below the price of such competitor, of a differential in price which such seller customarily maintains."

SEC. 3. Section 2 (b) of an act entitled "An act to supplement existing laws against unlawful restraints and monopolies and for other purposes," approved October 15, 1914 (38 Stat. 730, as amended; 15 U. S. C. 13), is amended to read as follows:

"(b) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price the effect of which upon competition may be that prohibited by the preceding subsection, or discrimination in services or facilities furnished, the burden of showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: *Provided, further*, That a seller may justify a discrimination by showing that his lower price or the furnishing of services or facilities to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor, or the services or facilities furnished by a competitor."

SEC. 4. As used in this act—

A. The word "price" shall have the meaning which it has under the commercial law applicable to the transaction.

B. The term "delivered price" shall mean a price at which a seller makes or offers to make delivery of a commodity to a buyer at any delivery point other than the seller's own place of business.

C. The term "absorb freight" shall mean to establish for any commodity at any delivery point a delivered price which, although as high as or higher than the seller's price for the same commodity at the point from which such commodity is shipped, is lower than the sum of the seller's price for such commodity at such point of shipment plus the actual cost to the seller for transportation of such commodity from such point of shipment to the delivery point.

D. The term "the effect may be" shall mean that there is a reasonable probability of the specified effect.

Mr. MYERS. Mr. President, I am very happy that the Senator from Wyoming has introduced this bill for permanent legislation, and that he has introduced it tonight so that Senators may have the opportunity to read the contents of the proposed legislation in the morning.

I was extremely happy, too, to hear the Senator, who I believe is probably one of the firmest and greatest advocates in the Senate, if not in the country, of strict enforcement of the antitrust laws, indicate that some permanent legislation is necessary, rather than merely a moratorium.

I share the views which he has expressed today that something must be done by the Congress to overcome the confusion which exists. I share his views as to strict enforcement of the artitrust laws, and his view that nothing must be done by this Congress, or any other Congress, to give to the monopolists any impression that we are attempting to confer upon them greater power.

I am delighted that the Senator from Wyoming has not only introduced his bill, but has indicated that confusion exists and that there is need for the Congress to take action. I am only sorry the Senator from Wyoming was not present earlier in the afternoon, when those of us who have advocated that something be done were told that we were the pawns of the propagandists, the steel companies, and the great monopolists.

I am sure that those who know us well will give no credence to such statements, and will understand that our only purpose is to clear the atmosphere, that in clearing the atmosphere we still endorse and advocate the strict enforcement of the antitrust laws; and that in advocating this legislation we do not intend by any stretch of the imagination to give any comfort to the monopolists.

RECESS

Mr. President, I now move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 24 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, June 1, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 31 (legislative day of May 23), 1949:

DEPUTY UNITED STATES SPECIAL REPRESENTATIVE IN EUROPE

Milton Katz, of Massachusetts, to be Deputy United States special representative in Europe, with the rank of Ambassador Extraordinary and Plenipotentiary.

ECONOMIC COOPERATION ADMINISTRATION

William C. Foster, of New York, to be Deputy Administrator for Economic Cooperation.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 31 (legislative day of May 23), 1949:

COLLECTOR OF INTERNAL REVENUE

Addington B. Campbell to be collector of internal revenue for the first district of New Jersey.

COLLECTORS OF CUSTOMS

Leo E. Trombly to be collector of customs for customs collection district No. 7, with headquarters at Ogdensburg, N. Y.

Clara E. Sarvela, to be collector of customs for customs collection district No. 36, with headquarters at Duluth, Minn.

SURVEYOR OF CUSTOMS

Richard W. McSpedon to be surveyor of customs for customs collection district No. 10, with headquarters at New York, N. Y.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 31, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou Fountain of Courage and Inspiration, increase our faith, and our belief in the eternal goodness of an all-wise God. As we face a new day and a new week, we thank Thee for the blessing and the bounty of work, for the grand essentials of a useful life are something to do, something to love, and something to hope for.

In all our labors, strengthen us with wisdom from above, that we may quit ourselves like men, and Thine shall be the praise. In the name of our Saviour. Amen.

The Journal of the proceedings of Friday, May 27, 1949, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 2663. An act to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

The message also announced that the Senate had ordered that the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 930) entitled "An act to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes."

EXTENSION OF REMARKS

Mr. LYNCH asked and was given permission to extend his remarks in the RECORD and include a magazine article.

Mr. MANSFIELD asked and was given permission to extend his remarks in the RECORD and include a speech.

LET US BUILD

Mr. TRIMBLE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. TRIMBLE. Mr. Speaker, we hear much about communism, fascism, and nazism these days—all three the same horse, but in different harness. We pass laws to punish them and others who would deprive us of our cherished freedoms. All this is good, but that alone is not enough to assure our success as a nation.

In our concern about these evils, we often overlook the things which will protect us against them better than anything else. We forget that the success of our great system of government will do more than all else to combat those who would do us injury as a people.

To make our system work:

We must strive with all our might to see to it that we have security on the farm.

We must strive with all our might to see to it that every farm home has all the cheap electricity which it can use and afford.

We must strive with all our might to see to it that everyone who has the ambition to do so can own his own farm.

We must strive with all our might to see to it that we have good roads to serve these farms.

We must strive with all our might to see to it that children born in these farm homes along with all other children in America have plenty of good food, warm clothing, and a chance for a good education.

We must strive with all our might to see to it that anyone who has the ambition and capacity to do so can own his own business and a home.

We must strive with all our might to see to it that all who desire to work shall have a chance to work at a living wage throughout the year and have a chance to own a home.

We must strive with all our might to see to it that the religious freedom earned for us by our forefathers spreads its influence from the teachings at our mother's knee into every nook and cranny of the land.

We must strive with all our might to see to it that one of the greatest sources of good government, the ability to get along with people, is fostered and encouraged.

The lack of understanding is the greatest hindrance to peace today. The Russians apparently have decided that they do not want to get along with the rest of the world; that strife serves them in their purposes better than cooperation with other nations.

Likewise, we must strive with all our might to see to it that the farmer, the laborer, and the small-business man get along together because we know well that if either of these three great groups falls into economic distress it means the distress of the other two. All three are so closely interwoven in a delicately balanced process of living with each other in our democracy that constant care must be exercised by each group to preserve that balance.

Our forefathers worked together. The farmer, the merchant, the laborer, all walked and fought in the cold and on bleeding feet at Valley Forge and a hundred battlegrounds to attain our freedom. We, like them, must get along together today if we are to preserve that freedom.

Let us build homes; let us build churches; let us build schools; let us build roads; let us build hospitals; let us build dams; let us build soil; let us build industry; let us build good will; and finally, let us prayerfully build toward a just and lasting peace.

If we do these things, nothing can stop our progress in northwest Arkansas and throughout the Nation as a whole.

COMMITTEE ON PUBLIC LANDS, SUBCOMMITTEE ON INDIAN AFFAIRS

Mr. MORRIS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Indian Affairs of the Committee on Public Lands may have permission to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

EXTENSION OF REMARKS

Mr. PATMAN asked and was given permission to extend his remarks in the RECORD in two instances and include certain statements and excerpts.

Mr. STIGLER asked and was given permission to extend his remarks in the RECORD and include an article from the Washington Evening Star.

Mr. GORDON asked and was given permission to extend his remarks in the RECORD and include an article from the Christian Science Monitor.

Mr. NORRELL asked and was given permission to extend his remarks in the RECORD and include a letter from Dr. Easley.

Mr. JACOBS asked and was given permission to extend his remarks in the RECORD.

SPECIAL ORDER GRANTED

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that on Wednesday, June 1, I may address the House for 20 minutes following disposition of business on the Speaker's desk and at the conclusion of special orders heretofore granted.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF REMARKS

Mr. RICH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an editorial from yesterday's Times-Herald entitled "Meet Some More Capitalists," and at the end of the editorial I want to add, as part of it because it helps to bring out the purpose of the editorial better, an item entitled "Some 200 Foremen in a Western New York Company Made Up the Following List of How Profits Are Used."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ARENDS asked and was granted permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Bloomington Pantagraph.

Mr. H. CARL ANDERSEN asked and was granted permission to extend his re-

marks in the Appendix of the RECORD and include certain letters.

Mr. COLE of Kansas asked and was granted permission to extend his remarks in the Appendix of the RECORD by inserting a resolution adopted by the Kansas conference of Congregational Churches.

APPROPRIATION REFORM ACT OF 1949

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and also to extend my remarks in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. BYRNES]?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, the financial condition of the Federal Government is most precarious. Our present fiscal dilemma is the result of the failure of this administration to budget intelligently. We are faced with such crude suggestions as the 5 percent over-all appropriations cut, and the unsound Mills corporation tax proposal, because the Democrat leadership failed to budget before it spent. This will always happen if we do not give serious consideration to the economic conditions of the country and their effect upon income and outgo.

For that reason I have today introduced a bill to revise the appropriations machinery of the Congress. I am inserting a statement describing the details of this bill in the Appendix of the RECORD.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

ARE AMERICAN COMMUNISTS DISLOYAL TO THE UNITED STATES?

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. DONDERO]?

There was no objection.

Mr. DONDERO. Mr. Speaker, an item in the Washington Times-Herald of May 29, 1949, quotes a former president of a State university as saying:

> It has not been proved that American Communists are disloyal to the United States, and that liberal thinkers are not convinced that a Communist is necessarily un-American.

Either complete ignorance of the objective of communisn and the record of disloyalty of Communists already shown by Government agencies or an attempt to hoodwink and lull the American people into false security can be the source of such a statement.

There cannot be a Communist who is a loyal American, and there cannot be a loyal American who is a Communist.

The one object of communism is the destruction of all free governments, including the United States, by force and bloodshed, if necessary. The two ideologies of government are as far apart as the poles. It is freedom or slavery; there can be no compromise or middle ground with communism.

The granting of an Atomic Energy Commission fellowship to Hans Freistadt, an avowed and admitted Communist, to be paid for by loyal American taxpayers, places the issue squarely before the country. This young Communist from the campus of the University of North Carolina definitely points the direction of Communist thinking when he says:

> Our scientists are discriminated against because of their political views. The whole concept of academic freedom is in danger.

He assumes that the Communist Party is a political party. He is 100-percent wrong. It is sheer idiocy and impudent nonsense. It is a brazen fraud. Every Communist is controlled by Russia, and the Communist Party is the fifth column of Russia here and in every other freedom-loving country. It is hostile to our way of life.

Every sensible and loyal American knows that under our philosophy of government the defeat of any one of our political parties in a free election does not mean the end of that party or its political faith. Another day and another chance will come, and their rights are preserved by law.

Is there anyone stupid enough to believe, if the Communist Party should win an election in the United States, that there would ever be another election? All other political faiths would end, their leaders, including all Members of Congress, shot or deported, their property confiscated, and their organizations destroyed.

The American people must be on guard against such rosewater deceit as expressed in the public press a day or two ago, notwithstanding the prominence of its author. That makes his utterance all the more dangerous.

Not $1 should be spent on educating those who seek the wreck and ruin of our people and the substitution of tyranny for freedom. Mr. Lilienthal has betrayed his country and should be removed at once from public office.

COLUMBIA VALLEY AUTHORITY

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. ELLSWORTH]?

There was no objection.

Mr. ELLSWORTH. Mr. Speaker, the proposal sponsored by the President which would turn the sovereign States of the Pacific Northwest into a rigidly controlled unit called a Columbia Valley Authority is too radical a departure toward dictatorship to be tolerated even by the Socialist Party. I have occasionally referred to the scheme as socialistic. I have to take that statement back now. At its meeting in Seattle, May 13, the Socialist Party issued a statement condemning the pending CVA bills:

> We realize that CVA is a socialistic venture—

Their formal statement says.

> The Socialist Party is alarmed at the present rapid trend toward collectivization without democratic controls.
>
> Upon analysis of H. R. 4286, the Mitchell bill, the Socialist Party finds no adequate safeguards to insure democratic control under this measure. It centralizes power in the President and three of his appointees, thereby in some measure justifying the charge of opponents that CVA will be a step in the direction of the authoritarian state.

I never thought the day would come when I could agree with a Socialist statement but I do agree with their statement which I have just quoted.

The SPEAKER. The time of the gentleman from Oregon has expired.

THE WALTHAM WATCH CO.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a description of the Waltham Watch Co.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, some weeks ago the members of the Massachusetts delegation and others spoke of the plight of the Waltham Watch Co. and the fact that the company had been forced to close down because of foreign competition. It was at the time when the trade agreement bill came up, and we protested allowing over 60 percent of the trade to go to the Swiss companies.

Today, Mr. Speaker, the Waltham Watch Co., thanks to the very cooperative efforts of the Reconstruction Finance Corporation, is again trying to manufacture. On yesterday, Memorial Day, all the papers in Massachusetts, and the Washington Star here in the District of Columbia, carried articles telling of what the Waltham Watch Co. did in the making of timepieces and precision instruments for the Army, Navy, and the Marine Corps during the war. They performed a very patriotic service, and they are dedicating their new watches to the veteran. These watches are made by Americans—for Americans—in an American plant. The following is the story carried in the papers:

DEDICATED TO THE 12,000,000 MEN AND WOMEN WHO CONSTITUTED AMERICA'S FIGHTING FORCES IN WORLD WAR II: THE VETERAN—THE FIRST OF WALTHAM'S NEW NATIONAL DEFENSE SERIES

The Waltham Watch Co. completes a century of service by introducing a new and magnificent timepiece.

On this Memorial Day, Waltham, a century-old American industry—itself a veteran of four wars—salutes every American veteran at home, in hospitals, at final rest.

On this Memorial Day, Waltham dedicates and names the first of its 1950 national-defense series the Veteran, in honor of the 12,000,000 men and women who served our country in World War II.

The Veteran is designed in four handsome models, each dedicated to a branch of the United States armed services—the Army, the Navy, the Marine Corps, and the Air Force. Each is a masterpiece of American precision craftsmanship. Each represents the ultimate in styling and taste.

For 100 years, Waltham's distinguished American timepieces have measured the steady march of American progress. Grave minutes and hours of the Civil War were

weighed by Abraham Lincoln to the solemn ticking of his Waltham watch.

Franklin D. Roosevelt's history-making schedule during World War II was timed by the unfailing accuracy of his American-made Waltham.

During the fateful hours of the war, when skill and dependability were on trial under fire, a vast army of American precision craftsmen at Waltham Watch Co. worked night and day to produce military timepieces, aircraft clocks, compasses, speedometers, fuses, rifle parts. On land, on sea, in the air, America's fighting men depended on Waltham.

Today it is with very real pride, and with a deep sense of gratitude, that the Waltham Watch Co. salutes loyalty and courage at its finest.

The first of Waltham's new national-defense series will honor the man of the century: the veteran.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BARING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nevada?

There was no objection.

[Mr. BARING addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. WILSON of Oklahoma asked and was given permission to extend his remarks in the Appendix of the RECORD on the subject Making Child Abandonment a Federal Offense.

Mr. CHURCH asked and was given permission to extend his remarks in the RECORD and include remarks he made on the radio last Thursday evening.

Mrs. BOLTON of Ohio asked and was given permission to extend her remarks in the RECORD and include an editorial.

Mr. HARRIS. Mr. Speaker, on Tuesday, May 10, 1949, the distinguished Governor of our State, Hon. Sid McMath, made an address before the Interstate Oil Compact Commission at Jacksonville, Fla., on the subject How Conservation Has Encouraged Development in Arkansas, containing some very important and significant statements on the oil policy of the United States.

I ask unanimous consent that this statement may be included in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

INVESTIGATING CERTAIN MATTERS PERTAINING TO THE MERCHANT MARINE AND FISHERIES OF THE UNITED STATES

Mr. SABATH. Mr. Speaker, I call up House Resolution 215 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the Committee on Merchant Marine and Fisheries, acting as a whole or by duly authorized subcommittee or subcommittees, appointed by the chairman of said committee, is authorized and directed to conduct full and complete studies and investigations and to make such inquiries as said Committee on Merchant Marine and Fisheries may consider important or pertinent to the merchant marine and fisheries of the United States or any of the Territories thereof, or to any matter coming within the jurisdiction of said committee.

That the committee shall report to the House of Representatives at the earliest practicable date or dates during the present Congress the results of their studies, investigations, and inquiries, with such recommendations for legislation or otherwise as the committee deems desirable.

The committee or any subcommittee thereof is authorized to sit and act at such times and places within or without the United States whether the Congress is in session, has recessed, or is adjourned; to hold such hearings as it deems necessary; to employ such consultants, specialists, clerks, or other assistants; to travel and authorize its assistants to travel; to utilize such transportation, housing, or other facilities as any governmental agency may make available; to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents; to administer such oaths; to take such testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per one hundred words. The expenses of the committee, which shall not exceed $100,000, shall be paid from the contingent fund of the House upon vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on House Administration.

With the following committee amendments:

Page 2, line 12, strike out the word "subpena" and insert the word "subpoena."

Page 2, line 16, after the word "advisable.", strike out the balance of the resolution.

The committee amendments were agreed to.

Mr. SABATH. Mr. Speaker, I yield myself such time as I may desire to use.

Mr. Speaker, the resolution just read gives the Committee on Merchant Marine and Fisheries the power of subpena, in addition to other investigatory powers. These powers have been granted to other legislative committees and I do not know of a committee that is more justified in receiving this additional power than the Committee on Merchant Marine and Fisheries, especially in view of its splendid personnel and its chairman who has served at all times with distinction and in the best interest of our country.

The evidence before the Rules Committee as presented by the chairman of the Committee on Merchant Marine and Fisheries, the gentleman from Virginia [Mr. BLAND], is such that I feel there should not be a single vote cast against the resolution. That committee has introduced evidence showing that in the Seventy-ninth Congress an investigation was started which indicated that some $26,000,000 is owed to the Federal Government through the Maritime Commission and the War Shipping Administration. I feel that this investigation will bring about early action and recovery of that vast sum of money. There are other items and other things also I feel the committee should investigate, namely the overcharges on the part of the oil companies to the Government involving millions of dollars.

Mr. Speaker, in view of these facts the Rules Committee has unanimously reported this resolution. I am satisfied that after the House hears from the chairman of the Committee on Merchant Marine and Fisheries, who will give more background and outline the reasons for this resolution, it will pass without a single vote against it.

Mr. Speaker, I now yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Illinois [Mr. SABATH], chairman of the Rules Committee, has explained, House Resolution 215 gives to the House Committee on Merchant Marine and Fisheries certain powers, either as a full committee or as a subcommittee, to conduct investigations and studies, to subpena witnesses, place them under oath, and to compel the production of records.

The resolution was reported unanimously by the Rules Committee. In my opinion, it is of the utmost importance that we give to the Committee on Merchant Marine and Fisheries the same power and the same authority to conduct investigations which has been given to almost every other standing committee of the House. The committee is made up of exceptionally able Members of the House. It is headed by the distinguished gentleman from Virginia [Mr. BLAND], who has had many years of experience in the work of that committee and has proven himself a very able chairman.

As the gentleman from Illinois explained to you, the authorizing of this investigation is of extreme importance because of the situation which has arisen in connection with many of our merchant-marine problems. It is indicated that if this investigating authority is granted, that the committee will undoubtedly bring about actions which will result in the recovery of huge sums of money into the Treasury of the United States.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Illinois.

Mr. SABATH. I forgot to mention it, but I am satisfied that this investigation will bring about the recovery of millions and millions of dollars.

Mr. BROWN of Ohio. Yes, I am trying to say that the minority agrees fully with the views expressed by the gentleman from Illinois.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Georgia.

Mr. COX. I am glad that the gentlemen referred to the type of people that make up this great committee. The make-up of this committee is insurance enough that the powers we propose to give the committee will not be abused.

Mr. BROWN of Ohio. I fully agree with the gentleman from Georgia, and there is such great confidence in the gentleman from Virginia, Chairman BLAND, and in the membership of the Committee on Merchant Marine and

Fisheries that there is no request for time on this side of the aisle.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Mississippi.

Mr. RANKIN. I also congratulate the gentleman from Ohio for joining in this investigation. From my viewpoint it is 25 years late. I urged the change in policy with reference to Alaska—and that is what this is directed at—when I came back from that Territory in 1923. There are no fish traps in Canada. All along the Canadian coast we saw hundreds of small fishermen out fishing for a living. But, when it got to Alaska we found large concerns had monopolized the mouths of those streams up which the salmon go on their way to the spawning grounds, and had shut the Alaskan out from the fishing grounds. For that reason I am wholeheartedly in favor of this investigation. The value of the fishery products out of the Alaskan waters amount to more in dollars and cents than the wheat crop in Ohio or the cotton crop in Tennessee, and if those people who live there and make it their permanent home have the same privilege of fishing that they have in Canada, it would be a much more desirable place in which to live.

Mr. BROWN of Ohio. I thank the gentleman from Mississippi very much for his contribution.

Mr. Speaker, there seems to be such unanimous approval of this resolution, that I hope it will be adopted by a unanimous vote, as evidence of the great affection for, and our great confidence in, the gentleman from Virginia [Mr. BLAND], the chairman, and in and for the membership of this committee.

Mr. SABATH. Mr. Speaker, I feel gratified that the gentleman from Ohio feels as I do in this matter. Therefore, I shall not take up any more time except to yield to the gentleman from Texas [Mr. THOMPSON].

Mr. THOMPSON. Mr. Speaker, of course, I am very much in favor of the measure before us. I ask unanimous consent to extend my remarks at this point in the RECORD and also that my distinguished chairman the gentleman from Virginia [Mr. BLAND] may be given like permission.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMPSON. Mr. Speaker, it is very gratifying to me and, I am sure, to all of my colleagues on the Committee on Merchant Marine and Fisheries to hear the warm words just spoken concerning our beloved chairman, the gentleman from Virginia [Mr. BLAND]. The affection which we all feel for him is deep and abiding and needs no further words from me at this time.

I would like, however, to take this opportunity to pay a compliment to the Subcommittee on Fisheries and Wildlife Conservation of which it is my honor to be the chairman. Our schedule of hearings during this Congress has been unusually heavy and it has been necessary for me to ask my members to convene frequently and for long hours. They have been faithful and loyal and have attacked each problem with the same painstaking care. We have been able to report out many measures which will, I trust, have a far-reaching effect on the fishing industry and on the conservation of our wildlife. The members of this committee are the gentleman from Alabama [Mr. BOYKIN], the gentleman from Oklahoma [Mr. WICKERSHAM], the gentleman from South Carolina [Mr. HARE], the gentleman from Florida [Mr. BENNETT], the gentleman from Missouri [Mr. WELCH], the gentleman from New York [Mr. MURPHY], the gentleman from Virginia [Mr. FUGATE], the gentleman from Ohio [Mr. WEICHEL], the gentleman from New Jersey [Mr. HAND], the gentleman from Washington [Mr. TOLLEFSON], the gentleman from California [Mr. ALLEN], the gentleman from Maryland [Mr. MILLER], and the gentleman from Michigan [Mr. POTTER].

May I also express my appreciation at this time for the frequent attendance at our hearings of the distinguished chairman of the main committee, the gentleman from Virginia [Mr. BLAND], and of the ranking Republican member, the gentleman from Ohio [Mr. WEICHEL].

Mr. BLAND. Mr. Speaker, I am deeply indebted to the gentleman from Illinois [Mr. SABATH], the chairman of the Committee on Rules, the gentleman from Ohio Mr. CLARENCE BROWN, of the minority, and other members of the committee and the House for their kindly comments on my work. They have been very generous, and more so than I deserve, but I am deeply grateful nevertheless. I am also very much pleased at the commendations of the work of the Committee on Merchant Marine and Fisheries, of which I am chairman. All that was said of these other members is absolutely true, and we are all extremely grateful.

House Resolution 215 would authorize and direct the Merchant Marine and Fisheries Committee, or any duly authorized subcommittee thereof, to conduct full and complete studies and investigations of all matters pertaining to the merchant marine as may be deemed proper.

Although much progress has been made since the termination of hostilities of World War II to the end of returning our American merchant marine to full private ownership and operation in accordance with our national maritime policy, shipping conditions in foreign and domestic commerce are still unsettled and many problems yet remain to be solved before the transition from wartime and emergency status can be completed. This committee has held extensive hearings and reported out proposed legislation relative to the merchant marine and the problems with which it is faced, but the consideration of various legislation during this session with the studies thereon has convinced me that the Congress should take immediate action to study in fullest detail the problems affecting our merchant marine in an earnest effort to aid in the prompt solution of our problems and the correction of all deterrents to our leadership on the seas of the worlds, and the promotion of world trade, which I consider of supreme importance to our national economy.

We must, in the interest of national security, study the composition of our foreign and domestic merchant marine, and shipbuilding and ship-repair facilities; the extent and availability of skilled manpower for ship operation, shipbuilding, and ship repair; the effect and nature of competition from foreign shipping; the possibility of the development of a long-range American tramp shipping fleet; the solution on a long-range basis of the problems of the coastwise and intercoastal shipping, including the shipping requirements of the Territory of Alaska; and the proper relationship of the Army and Navy in the conduct of nonmilitary shipping operations. We should study the suggestions of various surveys and studies on the subject of our merchant marine, including the conclusions of the Hoover Commission regarding proposed changes in the Maritime Commission. We should also inquire into the operations of the Merchant Marine Academy and the Coast Guard Academy, to the end that they shall complete their mission in our world leadership. Our committee is charged with the problems affecting the fisheries of the United States and all of the Territories thereof.

I feel that the authority sought in House Resolution 215 is necessary because, among other things, we have been informed in the past several months of the serious and immediate needs of the fisheries of the United States for rehabilitation and development. The Committee on Merchant Marine and Fisheries is also charged with legislation regarding various problems relative to the Panama Canal, including the very difficult question of a proposed sea-level canal and a terminal-lake canal. The latter proposal involves an estimated cost to the United States of $3,500,000,000. The investigation also involves many matters of like import as those specifically mentioned which may arise in connection with the various activities under the jurisdiction of the Merchant Marine and Fisheries Committee. Consequently, we should have available the flexibility of this resolution.

In order to adequately make the studies and investigations which may be required during the remainder of the Eighty-first Congress, I estimate that we should have available a sufficient fund to meet the expense of the members of the committee and its staff, but which will be appropriated as needed. In the past, investigations by this committee have always returned many times the amount appropriated for its use. One of our primary investigatory activities will be to follow up the large sums of uncollected moneys owed by private companies to the Government through the Maritime Commission and the War Shipping Administration. Some progress was made during the Eightieth Congress, but according to recent inquiries made by the Senate Expenditures Committee and newspaper reports, there has been as much as $26,000,000 uncollected.

It is essential at this time that the Congress review our American merchant marine situation and seek a long-range solution to the many problems which

have presented themselves during the transition period following the war. Today we began hearings to that end and wish to pursue the inquiries deemed necessary. In this the Senate has a similar investigatory resolution and we are working closely with them in order to avoid overlapping investigation. On the other hand, it is necessary that we have the authority hereby requested and necessary funds to perform effectively during the period of our authority. In the past years we have always returned a part of the moneys provided for us. There have been no junketing tours, but industrious studies by day and night, and only such voyages to Alaska and the Panama Canal as were necessary to the proper administration of the responsibilities resting upon the committee.

The matters to be covered in investigations under House Resolution 215 may be summarized briefly as follows:

First. Collection of moneys due the United States Maritime Commission and War Shipping Administration.

Second. Shipbuilding and ship-repair industry.

Third. Manpower, shipbuilding, operation, repair.

Fourth. Foreign competition, ECA, watchdog committee. This involves the maximum use of American ships in foreign trade.

Fifth. Coastwise, intercoastal, and Great Lakes shipping.

Sixth. Alaska shipping problems.

Seventh. Army and Navy in commercial shipping.

Eighth. Reserve fleets.

Ninth. Fisheries resources, rehabilitation, and development.

Tenth. Sea-level Panama Canal.

Eleventh. Merchant Marine and Coast Guard Academies.

Twelfth. Hoover Commission recommendations on Maritime Commission.

Thirteenth. Shipping conferences, their scope and effect.

Fourteenth. Preservation of laid-up fleets for immediate use when needed.

Fifteenth. The maximum use of our merchant marine to promote our trade and to secure, so far as possible, the peace of the world.

Recently, the committee, through the medium of its investigators and a study of other committee records, ascertained that many of the uncollected claims for moneys due the Maritime Commission and the War Shipping Administration had never been billed and additional amounts which had never been analyzed. The amount of these uncollected claims is estimated at about $26,000,000. Early in this session our staff consulted with the Maritime Commission officials and urged that they take steps to reduce this backlog.

As of March 25, 1949, the Commission staff began to take action and by April 30, 1949, had assigned a total of 50 employees to the work of screening all of the Commission's accounts and billing in all cases where moneys remained due. Since the Commission has had no procedure for keeping track of the amounts billed and collected on account of items in the $26,000,000 backlog, there is no way of knowing the extent to which such backlog has been reduced. However, at the instance of the committee's staff, the Commission has agreed to report monthly to the committee staff the state of its progress in collections. Since this procedure was established the Commission as of April 30 issued 241 invoices, amounting to $362,676.81, of which $280,884.63 was billed to Government departments and $81,792.18 was billed to others. As of April 30, $8,700.75 had been collected from debtors other than Government departments. The claims billed to Government departments represented a variety of interdepartmental transfers for which reimbursement should be made. The items owed by other than governmental departments arose out of various wartime claims against vendors furnishing vessels construction materials. While the results shown in the first month of operation under the present procedure are not impressive, we believe that without constant attention to the problem and insistence upon complete and prompt screening and billing of the Commission's accounts very material progress will show within the next several months.

When there was pending before the Congress recently legislation extending the charter powers of the Commission, Representative CASE of South Dakota attached an amendment to protect a situation which had been brought to the attention of the Appropriations Committee. He has furnished a copy of the testimony before the Appropriations Committee and the matter is now being pursued by our committee staff.

In addition, we have written all members of the Rules Committee asking that our committee staff be supplied with all leads or facts of which they may hear that should be followed by our committee staff and we have great confidence that we may get good results.

In addition, we are soliciting from the present and all former members of the Maritime Commission suggestions as to improvements in Commission procedure or legislation.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDING CONTRACT SETTLEMENT ACT OF 1944

Mr. LYLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 220 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 834) to amend the Contract Settlement Act of 1944 so as to authorize the payment of fair compensation to persons contracting to deliver certain strategic or critical minerals or metals in cases of failure to recover reasonable costs, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. LYLE. Mr. Speaker, I am pleased to yield 30 minutes of my time to the gentleman from Ohio [Mr. BROWN].

Mr. Speaker, this resolution makes in order the immediate consideration of the bill (H. R. 834) to amend the Contract Settlement Act of 1944 so as to authorize the payment of fair compensation to persons who contracted to deliver certain strategic or critical minerals or metals and who failed to recover reasonable costs, and for other purposes.

As far as I know, there is no controversy over this bill, and I see no purpose in an extended discussion under the rule.

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Texas has explained, House Resolution 220 makes in order the consideration of the bill H. R. 834. This rule was granted by the Committee on Rules by unanimous vote. The measure was also reported from the Committee on the Judiciary by a unanimous vote. So, seemingly, there is little controversy in connection with the measure. H. R. 834 simply amends the Contract Settlement Act so as to permit the consideration under the provisions of that law, claims against the Government in connection with mining operations to obtain certain strategic materials required by the Government during the war. I believe it was the thought of the Congress when we passed the Contract Settlement Act that it would cover such cases, but seemingly there is some technical question as to whether mining operations and Government contracts therefor are covered. This measure would simply permit such contracts to come under the purview of the original act.

Mr. Speaker, I have no requests for time.

Mr. LYLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. WALTER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 834) to amend the Contract Settlement Act of 1944 so as to authorize the payment of fair compensation to persons contracting to deliver certain strategic or critical minerals or metals in cases of failure to recover reasonable costs, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 834, with Mr. BURLESON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WALTER. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the measure under consideration is similar to one of the series of bills suggested by the Committee on Postwar Economic Policy and Planning as a means of dealing fairly and equitably with that class of contractors who engaged in the war effort. This bill would not be necessary but for the fact that the Contract Settlement Act provides very specifically for the treatment of cases where there has been a formal contract. The type of claimant who will be made whole, if this measure is enacted, is one who did not have a contract, for the most part, and I dare say that 98 percent of the claimants come within the category of being very small operators who were persuaded by the Government to develop mining operations which were of such a nature as not to appeal to such operators unless there was reasonable assurance that the risk would not be too great. These people were persuaded by various Government officials to operate low-producing mines. In many of the cases they were advanced money by the RFC and were given priorities by the War Production Board. As I stated before, it was a very hazardous undertaking which was made necessary because the critical materials they sought were not available due to the stoppage of imports by submarine warfare. These people lost money. The idea underlying this bill is to make them whole, where there has been no speculation and where the losses were not occasioned by mismanagement or negligence. The Committee on the Judiciary feels that it has set up safeguards so that advantage cannot be taken of the United States. In our judgment, it is the only way that equitable relief can be provided for this remaining class of war contractors. Under the Lucas Act, where a contract was terminated, relief was provided for under similar circumstances. It is necessary that this legislation be enacted in order to deal with this class of contractors as we have dealt with every other class of contractors engaged in the war effort.

Mr. Chairman, I reserve the balance of my time.

Mr. MICHENER. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, the gentleman from Pennsylvania [Mr. WALTER], chairman of the subcommittee, which held the hearings and gave preliminary consideration to this bill, has stated briefly and concisely the circumstances necessitating this legislation. A similar bill was considered and favorably reported by the Committee on the Judiciary in the Eightieth Congress; however, it was never reached on the calendar. The subcommittee and the full committee in the present Congress unanimously recommend that this bill become law. The observer will note that the bill is technical; yet it is understandable. Possibly I cannot add much to the general explanation; however, I am sure that the committee is prepared to answer all inquiries.

Mr. COLE of New York. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. COLE of New York. Can the gentleman apprise us of the amount of money involved in this?

Mr. MICHENER. I yield to the gentleman from Pennsylvania, chairman of the subcommittee, if he will be good enough to answer the gentleman's inquiry.

Mr. WALTER. Mr. Chairman, it is very difficult to estimate the correct or entire amount involved. We had experience with the same sort of legislation after the last war. I think claims amounting to over $3,000,000 were paid. It is utterly impossible to estimate the amount that will be claimed.

Mr. MICHENER. The Members will find a most comprehensive committee report accompanying the bill, which was filed on March 2, 1949; therefore, ample time has been given for adequate consideration by the entire membership.

Mr. Chairman, at the risk of repetition, may I state that the purpose of the bill is to compensate persons who, without fault or negligence, suffered losses in attempting to supply certain strategic or critical minerals or metals for the war effort.

During the recent war the need of the Government for certain strategic and critical minerals led to the opening and working of a number of mines which would have been deemed submarginal and uneconomical to operate in normal times. These actions were encouraged by the Government in many ways—the assistance of the Bureau of Mines in the Interior Department in locating mines and determining their probable productivity, the assistance of the War Production Board in granting priority assistance for mining equipment and other needs, and the assistance of the Reconstruction Finance Corporation in contracting to buy the product of these mines under announced terms and conditions. There is no doubt in the minds of the committee that most, if not all, of those who would benefit by this bill were induced to engage in the activities resulting in their present losses because of official representations of authorized Government agents.

The committee recognizes that the bill singles out a particular class of war contractors for relief, but feels that such discrimination is well justified. In this thought, the committee is acting not without precedent. Under the Dent Act passed after World War I for the purpose of granting relief to mines, and which contained provisions analogous to, but not as restricted as, the present bill, 1,208 claims were filed as of June 30, 1921. Of these, 1,150 had been acted on by the Government as of that date. Three hundred and seventy-three claims were approved for a total expenditure by the Government of $3,162,040.75; 770 claims were denied; and 58 remained pending. There is no way of computing the number or monetary value of potential claims under the pending bill. Approximately 11,000 mines were listed on the War Production Board mailing list, and 7,000 of these received priority assistance.

The precedent of the Dent Act only partially predicates the action of the committee. We are also impressed with the harsh results of the manner in which the Government abruptly terminated the program for production of critical minerals. The inducements offered by the Government are not contested. Amongst other things, it specified a grade of ore—insofar as manganese was concerned, and the manganese operations are considered to represent the bulk of the losses—that the typical domestic mining property was capable of producing, and offered to accept total production of that or higher grades. Prompted by these inducements, claimants invested heavily in equipping and operating mining sites. Suddenly, about the time the submarine menace in the recent war ended, making accessible the cheaper and higher grade ores in foreign countries, the Government terminated its program by the simple and very effective method of increasing the minimum specification of the ore which they would accept. Automatically, this threw out of business the great majority of manganese miners who found it impossible to meet the increased specifications and who could not afford the expensive and elaborate equipment needed to refine the ore to meet the new specifications. For the most part the men who suffered losses were small, individual operators, who in many cases lost their life savings in their ventures.

There is an essential and fundamental difference between mining operations and operations of other war contractors, such as the manufacturer. The miner cannot be assured of his operation beyond the production of the ore in sight or that which is proven in his mine, plus that doubtful quantity which his experience and judgment leads him to expect. He has all the risks and uncertainties of the manufacturer, such as the fluctuating cost of labor, power, and materials, plus the great risk of exhausting his known ore reserve without being able to find new ones. This risk is even more pronounced in the smaller mines with their more uncertain ore deposits. The exclusion in the bill of so-called speculative ventures must, therefore, be considered in the light of the particular industry, for to some extent all mining ventures are speculative. It is not the intent of this committee that the language in the bill be construed in this restrictive sense.

We further are of the opinion that to deny relief to these claimants would imperil the position of the Government were another emergency to arise requiring immediate supplies of the critical minerals here involved. Niggardly treatment now of their claims would undoubtely persuade them against reengaging in the same activity in the event they were called upon to do so. The potential loss to the Government in such case cannot be predicted, but any degree of shortage of such vital materials when needed could be disastrous to our welfare.

The committee feels that relief should be granted, on the restricted basis provided by the committee amendment, both to claimants who held formal contracts with the Government or with a war contractor or subcontractors and to those who did not hold such contracts but were induced to engage in the activities in question by representations made by authorized Government agents.

Many of those who held formal contracts for the delivery of fixed amounts

of strategic minerals or metals were unable to complete such contracts for a variety of reasons beyond their control, such as the unforeseen exhaustion of ore bodies of required specifications. In other cases, contracts made for limited quantities were not renewed, leaving claimants with no means of recovering the heavy investment which they had made in the justified belief that the Government's requirements would be such as to result in continued purchases over a more extended period.

It would appear that the Contract Settlement Act does not provide for the reimbursement of losses suffered by claimants with formal contracts falling within these two or certain other categories, since their contracts would not have been "terminated" within the meaning of that act. While the Lucas Act might have been availed of in certain of these cases, it would seem clear that it did not cover all of them. For example, situations in which, even though for reasons beyond the claimant's control, no metals or minerals were actually delivered under a contract would not give rise to a claim under that act; furthermore, the time to file claims under the Lucas Act expired on February 7, 1947.

Many of those who had no formal contracts, and who incurred losses, filed claims under section 17 (a) of the Contract Settlement Act. Some of these were able to establish a "request to proceed" pursuant to that section and have been allowed to recover. Others, however, failed to have their claims allowed by virtue of a ruling of the appeal board in the Office of Contract Settlement that a "request to proceed" must be addressed specifically to the claimant, and a published or posted request addressed to the public at large is not sufficient.

This bill is grounded in justice and those patriotic citizens who during the hour of our distress in the midst of the war were willing to hazard their own fortunes in an effort to comply with the request of their Government, must not now be penalized and bankrupted because conditions concerning the availability of strategic war materials unexpectedly and suddenly changed. I hope that this bill will pass unanimously. I have heard of no opposition.

Mr. Chairman, there are no requests for time on the minority side. I, therefore, reserve the remainder of my time.

Mr. WALTER. Mr. Chairman, I yield to the gentleman from California [Mr. ENGLE].

Mr. ENGLE of California. Mr. Chairman, in the Eightieth Congress, the Honorable Henderson H. Carson, of Ohio, introduced and sponsored H. R. 4928, which was referred to the House Judiciary Committee, and after extensive hearings and careful deliberations, this committee reported favorably and, with amendments, recommended that the bill be passed. Unfortunately, the report came out late in the closing session and the bill failed to reach the floor in time for a vote.

On January 5, 1949, I introduced H. R. 834, which bill is exactly as reported out by the House Judiciary Committee last year, and my colleagues, the Honorable A. S. J. CARNAHAN, of Missouri, and WILBUR D. MILLS, of Arkansas, have introduced similar bills. These bills have also been reported favorably by the House Judiciary Committee with recommendation that they do pass. The report accompanying H. R. 834, submitted by the Honorable FRANCIS E. WALTER, clearly and succinctly states the purpose for which the bill is drawn, the precedent for the committee's action, the need for the relief provided, the basis upon which it is predicated, and, with equal clarity, enumerates the safeguards against exploitation. I want to take this opportunity to commend the committee on the thoroughness of the report and the clarity with which it is rendered and earnestly request that it be read by every Member.

This bill is to amend the Contract Settlement Act of 1944 so as to authorize, belatedly, the payment of fair compensation to persons contracting to deliver strategic or critical minerals or metals during the war. The amendment is based upon the repeatedly acknowledged obligation of the American people to provide fair compensation for all who contributed materials, services, or facilities for the prosecution of World War II and is, in substance, a reenactment of similar remedial legislation adopted by the Congress after World War I, expanded to include the minerals and metals designated by the Army and Navy Munitions Board as strategic or critical. The amendment serves to rationalize the payment of fair compensation so that the war contractor who supplied critical minerals and metals is treated the same as any other supplier of materials, services, or facilities used in the prosecution of the war, and to correct presently existing discriminatory practices resulting from technically inconsistent or conflicting provisions of the act itself, whereby the claim of one producer is allowed and that of another is denied.

Commencing with the war-induced emergency, the President of the United States, the Congress, and hundreds of officers and representatives of wartime Government agencies repeatedly importuned the members of the mining fraternity to accelerate exploration, development, and production so that critical minerals and metals used in the manufacture of implements of war might be in maximum supply.

Pursuant to policies formulated by the War Production Board, The Metals Reserve Company, organized in June 1940 to act as a Government purchasing agent, created a special market for critical minerals and metals, and by press, by radio, and by personal appeal, sought to stimulate production by offering all sorts of inducements, such as loans, subsidies, and decentralized special services.

During 1943 and 1944, when the supply of these vital materials became critical, members of the Small Business Committee of the Senate, accompanied by officials or representatives of the MRC, the WPB, and the OPA, visited ore-producing areas practically all over the United States, and at centers like Phoenix, Tucson, and Prescott, Ariz.; Salt Lake City, Utah; Helena and Missoula, Mont.; Spokane and Seattle, Wash.; Las Vegas, Reno, and Procha, Nev.; Deming, N. Mex., and in ore-producing sections of California, and so forth, the Government's program of stimulation was explained and in person urged upon producers in those respective areas. Every aid and assistance was offered to insure greater mining activity, and the members of the industry were promised a market which would insure a fair return on an investment made in reliance upon these representations.

Purchase depots and stock piles were established in ore-producing areas under the direction and control of MRC agents, opening the buying program to anyone on substantially an unqualified basis. The respective agencies provided throughout the period loans, special prices, preferred markets, priorities, and subsidies. I commend for your reading the hearings before the House Judiciary Committee on March 12 and 19, 1948, on this matter which relates the exact statements that were made by the President of the United States and responsible heads of agencies involved to stimulate this program. I want you to note some examples of the stimuli offered, the personal pressure exerted, and promises made, because here, without doubt, a presently undischarged obligation was created.

The miners' good faith response to the Government's intense drive for increased production we cannot gainsay. Many of those loyal producers, especially from among those of small means, failed to recover the actual costs of their patriotic endeavor, due to natural hazards common to mining and over which the miners had no control, and many of them lost every penny they had.

During the war period, the Government contracting agencies acquired these critical metals and minerals, in three ways: First, different types of contracts, some of which contained settlement provisions, and some of which did not; second, subsidy or premium price plans, providing for payment of costs; and, third, by small-lot purchases direct from the miner at Government depots. I call your attention to these facts primarily to show that, in acquiring critical minerals and metals for the war program, the Government maintained exactly the same contractual relationship with the miners as it did with the manufacturers, and that one is just as much a war contractor as the other.

In 1944 or thereabouts, when the so-called cut-backs in the ore-buying program came, the contracts were terminated or canceled. In every instance termination, either by cancellation or otherwise, was attributable to circumstances over which the producer had no control.

In the meantime, Congress recognized the hardships which had been forced on many war contractors, and in an effort to be fair, passed the Contract Settlement Act which was approved July 1, 1944, the objective of which was to assure final and uniform settlement of claims under all terminated war contracts, and was intended specifically to provide all war contractors with speedy and fair compensation for the termination of their war contracts.

That Congress intended to pay fair compensation to the wartime producer

of critical minerals and metals is evidenced by the words of the Honorable James G. Scrugham, former Senator from Nevada, when he said to a group of miners on August 7, 1944, at Phoenix, Ariz., shortly after the adoption of the Contract Settlement Act:

> The Congress had included in the recently passed Contract Settlement Act authority for the Office of Contract Settlement to deal with quasi and informal contracts and make settlements therefor. It was the intent of the Congress under this act to give the agencies and the Office of Contract Settlement such authority that a war minerals relief bill would not be necessary. What the results will be depends upon the administration of the act as set up in the Office of Contract Settlement.
>
> There is no reason, ladies and gentlemen, why you of the mining industry and of other industries who did not wait or quibble about contracts before doing their best for the war effort should not be compensated. I know that I did not intend, and I now know that neither the Senate nor the House intended that we should have to wait 10, 15, or 20 years under some new war minerals relief act before those who may have some unrecovered wartime investment at the end of hostilities should be compensated therefor. This was the case after the last World War.

Unfortunately, history is repeated. Now, nearly 5 years after the passage of the Contract Settlement Act, the record reveals that the miner has been treated with a disregard equal to, or perhaps greater than, that displayed following World War I. Why? Because the contracting agencies upon whom Congress placed the full responsibility for settling terminated war contracts, invoking certain differences between mining and manufacturing operations, necessarily reflected contractually, maintain that the standard mining contract offered by the contracting agencies during the war, and accepted without choice by the miner, is not covered by the language of the Contract Settlement Act. Since the effect of the aforementioned determination by the contracting agencies, upon whose shoulders Congress specifically placed the responsibility for the settlement of termination claims, has, in substance, the force of law, the producer of critical minerals and metals is forced to seek relief through an amendment to Public Law 395.

I have followed rather closely the attitude of the contracting agencies, particularly the RFC, in processing the claims which have been filed. It is clearly evident now that objectives specifically enumerated in the act are being completely nullified by legal technicalities, which cannot be dissolved short of an amendment.

I certainly am not going to engage in an argument involving the legal aspects of controversies relating to the interpretation of certain provisions of the Contract Settlement Act. It is enough for me to know that, when we prepared the act, we intended that the mining contractor, as any other war contractor, was to be paid for loss he might sustain from the withdrawal of markets, or because of representations made to him during the war period, and upon which he in good faith relied. The WPB was designated a contracting agency, due almost entirely to the program of stimulation which that agency devised and broadcast so that it might respond in terms of fair compensation.

Congress realized that controversies might arise as evidenced by the language of subsection (g) of section 6 which specifically provides that any contract which does not provide for, or provides against, such fair compensation shall be reformed or amended so that it does provide for such fair compensation.

In this bill, we do not disturb the main objectives of the Contract Settlement Act, but only attempt to clarify those legal technicalities which have arisen which seems to nullify the objective specifically enumerated in the act.

The proposed amendment serves, as simply as possible, to remove purely technical obstructions in the act itself, which for almost 5 years have prevented the payment of the fair compensation therein specified to producers of strategic or critical minerals and metals, who, because of the withdrawal of war-induced markets or other circumstances equally beyond their control, failed to recover the actual cost of mining operations entered into during the war period in good faith in response to repeated appeals from the President, Congress, and agencies of the Government, particularly the Metals Reserve Company and WPB. No clear, honest distinction can be drawn between our liability to that class of war contractors and those others to whom, under the authority of the provisions of Public Law 395—the Contract Settlement Act—we have already paid more that $7,000,000,000.

The amendment to the Contract Settlement Act consists of two parts:

Section 1 of the bill relates to formal contracts under section 6 of the Contract Settlement Act of 1944, and section 2 provides special treatment of this class of informal contracts under section 17 of the same act.

Section 1 is equipped with protective features selected from and modeled after certain devices employed in the Dent Act, the Lucas Act, and the Contract Settlement Act of 1944 itself. Subsection (h) confines recoveries to actual losses; (h) (1) requires the issuance of regulations within 60 days after enactment; (h) (2) provides that losses should be set off first against any net gains realized by the claimant on his other war contracts with the Government; (h) (3) rules out losses resulting from the negligence or poor management of the claimant, and losses resulting from purely speculative enterprises; (h) (4) requires claims to be filed within 1 year from enactment, and permits recovery of actual losses in excess of any previous settlements of the same claims under the First War Powers Act of 1941, or other provisions of the Contract Settlement Act.

Section 2, relating to informal contracts, contains language protecting the Government from unwarranted elements of recovery similar to those found in section 1, and adds a few additional safeguards designed to meet particular conditions. Subsection (e) (1), in effect, corrects the board of appeals' definition of "request to proceed" by enlarging it to include "any personal, written, or published request, demand, solicitation, or appeal—including a published, posted, or oral offer to purchase—from any contracting agency." It requires a good-faith expenditure of money, and confines recovery to net losses. Subsection (e) (2) authorizes the issuance of regulations within 60 days after enactment; (e) (3) repeats the provision of section 1 of the bill concerning restriction of recoverable losses to net losses from all war contracts with the Government; (e) (4) eliminates speculative losses and losses attributable to claimant's fault, negligence, or mismanagement; (e) (5) requires affirmative showing by claimant that he had reasonable cause to believe the property contained minerals in sufficient quantities to be of importance to the Government's procurement program at the time, and this relates itself to the time in question during the war and not to the present aspect of its importance; (e) (6) provides the priorities assistance from War Production Board, if not based solely upon claimant's uncorroborated representations, will constitute the sufficient reason mentioned in the preceding subsection (e) (5); (e) (7) requires claims to be filed within 1 year from enactment and permits recovery of net losses in excess of previous settlements for the same claims under the First War Powers Act of 1941, or other provisions of the Contract Settlement Act of 1944.

This amendment should be adopted because we owe these producers a debt, the real consideration for which stems from representations and warranties made to them during the war. Again I want to compliment the subcommittee of the House Judiciary Committee, under the able leadership of the Honorable FRANCIS WALTER, which has so clearly and succinctly stated in their report the real purpose for which this bill is drawn. I specifically want to call your attention to the statement on page 3 of the report:

> We further are of the opinion that to deny relief to these claimants would imperil the position of the Government were another emergency to arise requiring immediate supplies of the critical minerals here involved. Niggardly treatment now of their claims would undoubtedly persuade them against reengaging in the same activity in the event they were called upon to do so. The potential loss to the Government in such case cannot be predicted, but any degree of shortage of such vital materials when needed could be disastrous to our welfare.

I am certain that you will agree that the situation which prompted these observations is becoming progressively more acute, and that more and more planners or our armament program have been rendered conscious of what might easily become a national calamity. The past year has witnessed an ever-increasing interest in the demand for the creation and maintenance of Government stock piles of these strategic materials. We must not place our dependency on foreign supply; in the future as never before, that source may be completely foreclosed.

These people should be paid fair compensation for past efforts; we will need their aid and assistance in the future.

Mr. WALTER. Mr. Chairman, I yield to the gentleman from Georgia [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman, I want to congratulate the chairman of the subcommittee and the members of that committee for bringing this bill before the House. There are many small mine operators in my district who will be bankrupt except for the help they may get from this bill as a reward for their patriotic war efforts. I heartily approve of the bill. It is just and fair and I hope will be adopted without opposition.

Mr. WALTER. Mr. Chairman, I have no further requests for time on this side.

The CHAIRMAN. If there are no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That section 6 of the Contract Settlement Act of 1944 is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding the provisions of section 8 (d), section 24, and section 25, of this act, any person who, in good faith entered into a formal contract to deliver, or to arrange to deliver, within specified periods of time, to a contracting agency or to a war contractor, specified quantities of a mineral or metal declared by the Army and Navy Munitions Board, during the emergency proclaimed by the President on September 8, 1939, to be strategic or critical, and in completing, or attempting to complete, his contract failed to recover his reasonable costs, including net capital expenditures, shall be paid fair compensation in an amount equal to the net loss so incurred: *Provided*, That—

"(1) the amount of reimbursement under this subsection shall be computed in accordance with regulations to be prescribed by the President within 60 days after enactment of this subsection based upon such recognized commercial accounting practices as are fair and equitable to the claimants hereunder;

"(2) in arriving at a fair and equitable settlement of claims under this subsection, the respective departments and agencies shall not allow any amount in excess of the amount of the net loss (less the amount of any relief granted subsequent to the establishment of such loss) on all contracts and subcontracts held by the claimant under which work, supplies, or services were furnished for the Government between September 8, 1939, and August 14, 1945, and shall consider with respect to such contracts and subcontracts (i) action taken under the Renegotiation Act (50 U. S. C., Supp. IV, app., sec. 1191), under the other provisions of this act, or similar legislation; (ii) relief granted under section 201 of the First War Powers Act, 1941, or otherwise; and (iii) relief proposed to be granted by any other department or agency under this act;

"(3) no compensation shall be paid under this subsection for expenditures attributable to the fault, negligence, or mismanagement of the claimant, or for expenditures made for merely speculative purposes;

"(4) claims for losses shall not be considered unless filed with the department or agency concerned within 1 year after the date of enactment of this subsection. A previous settlement under the First War Powers Act, 1941, or the Contract Settlement Act of 1944 shall not operate to preclude further relief otherwise allowable under this subsection."

SEC. 2. Section 17 of the Contract Settlement Act of 1944 is amended by adding at the end thereof the following new subsection:

"(e) (1) All claimants who, in response to any personal, written, or published request, demand, solicitation, or appeal (including a published, posted, or oral offer to purchase) from any contracting agency, in good faith expended money in producing or preparing to produce any minerals or metals declared by the Army and Navy Munitions Board during the emergency proclaimed by the President on September 8, 1939, to be strategic or critical, shall be paid by the contracting agency fair compensation for such net losses as they may have incurred.

"(2) The amount of reimbursement under this subsection shall be limited to amounts expended between September 16, 1940, and August 14, 1945, and shall be computed in accordance with regulations to be prescribed by the President within 60 days after enactment of this subsection based upon such recognized commercial accounting practices as are fair and equitable to the claimants hereunder.

"(3) In arriving at a fair and equitable settlement of claims under this subsection, the respective departments and agencies shall not allow any amount in excess of the amount of the net loss (less the amount of any relief granted subsequent to the establishment of such loss) on all claims, contracts, and subcontracts, if any, under which work, supplies, or services were furnished for the Government, or moneys were expended by the claimant, between September 8, 1939, and August 14, 1945, and shall consider with respect to such contracts and subcontracts (i) action taken under the Renegotiation Act (50 U. S. C., Supp IV, app., sec. 1191), under the other provisions of this act, or similar legislation; (ii) relief granted under section 201 of the First War Powers Act, 1941, or otherwise; and (iii) relief proposed to be granted by any other department or agency under this act.

"(4) No compensation shall be paid under this subsection for expenditures attributable to the fault, negligence, or mismanagement of the claimant, or for expenditures made for merely speculative purposes.

"(5) No compensation shall be paid under this subsection unless it shall affirmatively appear that the losses so incurred were incurred on property which the claimant had reasonable cause to believe contained strategic or critical minerals or metals in sufficient quantities to be of importance to the procurement program of the Government at the time.

"(6) Authorization by the War Production Board or any of its predecessor agencies for procurement of articles or materials to be used by the claimant in connection with the production of strategic or critical minerals or metals shall constitute sufficient reason for belief on the part of the claimant that the property contained strategic or critical minerals or metals in sufficient quantities to be of importance to the procurement program of the Government at the time, except where the authorization was based solely upon uncorroborated representations of the claimant.

"(7) Claims for losses shall not be considered unless filed with the department or agency concerned within 1 year after the date of approval of this subsection. A previous settlement under the First War Powers Act, 1941, or the Contract Settlement Act of 1944 shall not operate to preclude further relief otherwise allowable under this subsection."

Mr. WALTER (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill may be dispensed with and that the bill be printed at this point in the RECORD and open to amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. WALTER]?

There was no objection.

Mr. BARRETT of Wyoming. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BARRETT of Wyoming: Page 6, line 6, after line 6 insert a new subsection (8):

"*Provided*, That nothing in this act shall have any application to any claims now being litigated between Reconstruction Finance Corporation or any Government contracting agency upon the one side and any contractor on the other."

Mr. BARRETT of Wyoming. Mr. Chairman, the purpose of this amendment is merely to provide a saving clause that will preclude any possibility whatsoever of the application of this bill as now written, to litigation now pending between the Reconstruction Finance Corporation or any Government agency and any contractor with such agency.

I am particularly concerned with a claim or dispute between the Monolith Portland Midwest Co. and the Reconstruction Finance Corporation. The facts are about as follows:

Shortly after the entry of the United States in World War II the aluminum-supply situation became critical.

As a result of the insecure position of the United States during the early part of the war in the aluminum field, four experimental plants were authorized by the War Production Board to test the feasibility of producing alumina from domestic sources of aluminum-bearing raw materials other than bauxite. Three of these plants had been completed and short trial runs made of the various processes. However, the fourth one, which is located at Laramie, Wyo., was only about 90 percent completed, with no trial operation thereof being made at the time the Reconstruction Finance Corporation, in 1946, canceled the contract for its completion and operation.

The process developed by the Monolith Portland Midwest Co. uses anorthosite, from which the alumina is extracted and the remainder is a good Portland cement raw material. The deposits in Wyoming near the plant cover hundreds of thousands of acres and would provide a supply of alumina for the world's use for generations. It is believed that the Monolith plant and process at Laramie, Wyo., can economically use all of the raw materials entering therein for the production of alumina and portland cement.

Inasmuch as the United States has less than 5 percent of the known proven supply of bauxite in the world, it is believed to be sound policy to find a substitute for this strategic material.

The Reconstruction Finance Corporation terminated its contract with Monolith on the ground that the experiment was no longer in the public interest. Monolith was forced to bring suit against the RFC in the Federal District Court of California. The court ordered that the status quo of the plant and assets remain unchanged until a determination could be made of the obligations of the RFC, and the plant therefore is intact in every respect and could be placed in operation in a short time.

It is Monolith's position that the provisions of the Contract Settlement Act are optional. That is to say, that an aggrieved contractor may take either course in the adjudication of his rights by either

complying with the Contract Settlement Act regulations or bring action in any court of competent jurisdiction.

I have discussed this amendment with the gentleman from Pennsylvania [Mr. WALTER] and with the gentleman from Pennsylvania [Mr. GRAHAM] and with the author of the bill, the gentleman from California [Mr. ENGLE], and I am certain there is no objection to this amendment which merely preserves the rights of a party in pending litigation.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. BARRETT of Wyoming. I yield to the gentleman from Pennsylvania.

Mr. WALTER. As I understand the gentleman's amendment, the purpose is to make it certain that no technical objections can be raised in the court in a case that is now in the court. The purpose of the amendment is to make it abundantly plain that it is the intention of Congress to give to those people the same equitable relief that anybody else may have under the provisions of the law.

Mr. BARRETT of Wyoming. That is right.

Mr. ENGLE of California. Mr. Chairman, will the gentleman yield?

Mr. BARRETT of Wyoming. I yield to my colleague from California.

Mr. ENGLE of California. It is not the intention of this legislation to affect existing litigation. I do not think it would, and I do not think the gentleman's amendment will harm the bill at all, but will make abundantly clear the fact that that is not our intention. As the author of the bill, I have no objection to the amendment.

Mr. BARRETT of Wyoming. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wyoming [Mr. BARRETT].

The amendment was agreed to.

The CHAIRMAN. There being no further amendments, under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BURLESON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 834) to amend the Contract Settlement Act of 1944 so as to authorize the payment of fair compensation to persons contracting to deliver certain strategic or critical minerals or metals in cases of failure to recover reasonable costs, and for other purposes, pursuant to House Resolution 220, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. CELLER asked and was given permission to extend his remarks in the RECORD on two subjects.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SIMS, through June 8, on account of illness.

To Mr. DAVIS of Tennessee, for the week of May 30, on account of official business.

ENROLLED BILL SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3334. An act granting the consent of Congress to the Pecos River compact.

BILL PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on May 26, 1949, present to the President, for his approval, a bill of the House of the following title:

H. R. 3704. An act to provide additional revenue for the District of Columbia.

ADJOURNMENT

Mr. HEDRICK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 42 minutes p. m.), under its previous order, the House adjourned until tomorrow, Wednesday, June 1, 1949, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

657. Under clause 2 of rule XXIV, a letter from the Secretary of Agriculture, transmitting a draft of a proposed bill entitled "A bill to stabilize farm income and farm prices of agricultural commodities; to provide an adequate, balanced, and orderly flow of agricultural commodities in interstate and foreign commerce; and for other purposes," was taken from the Speaker's table and referred to the Committee on Agriculture.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SPENCE: Committee on Banking and Currency. H. R. 4332. A bill to amend the National Bank Act and the Bretton Woods Agreements Act, and for other purposes; without amendment (Rept. No. 708). Referred to the Committee of the Whole House on the State of the Union.

Mr. ENGLE of California: Committee on Public Lands. H. R. 976. A bill to stimulate the exploration, production, and conservation of strategic and critical ores, metals, and minerals and for the establishment within the Department of the Interior of a Mine Incentive Payments Division, and for other purposes; with an amendment (Rept. No. 709). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 2610. A bill to include in section 3 of the act of June 26, 1936 (49 Stat. 1967), the Midwakanton Sioux Indians of the State of Minnesota; with an amendment (Rept. No. 710). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON: Committee on Public Lands. H. R. 2783. A bill to authorize the Secretary of the Interior to convey a certain parcel of land, with improvements, to the city of Alpena, Mich.; without amendment (Rept. No. 711). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON: Committee on Public Lands. S. 353. An act to protect scenic values along and tributary to Aspen Basin Road, and contiguous scenic area, within the Santa Fe National Forest, N. Mex.; without amendment (Rept. No. 712). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOYKIN: Committee on Merchant Marine and Fisheries. H. R. 2634. A bill to provide transportation of passengers and merchandise on Canadian vessels between Skagway, Alaska, and other points in Alaska, and between Haines, Alaska, and other points in Alaska, and between Hyder, Alaska, and other points in Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation; with an amendment (Rept. No. 713). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1446. A bill for the relief of Conrad L. Wirth; without amendment (Rept. No. 695). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1505. A bill for the relief of Harry Warren; with an amendment (Rept. No. 696). Referred to the Committee of the Whole House.

Mr. FRAZIER: Committee on the Judiciary. H. R. 1701. A bill for the relief of Mrs. Vesta Meinn and Mrs. Edna Williams; with an amendment (Rept. No. 697). Referred to the Committee of the Whole House.

Mr. DENTON: Committee on the Judiciary. H. R. 2471. A bill for the relief of Walt W. Rostow; with an amendment (Rept. No. 698). Referred to the Committee of the Whole House.

Mr. DENTON: Committee on the Judiciary. H. R. 4097. A bill for the relief of George M. Beesley, Edward D. Sexton, and Herman J. Williams; without amendment (Rept. No. 699). Referred to the Committee of the Whole House.

Mr. DENTON: Committee on the Judiciary. H. R. 4792. A bill for the relief of Harry Fuchs; without amendment (Rept. No. 700). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 4807. A bill for the relief of Robert A. Atlas; without amendment (Rept. No. 701). Referred to the Committee of the Whole House.

Mr. CHELF: Committee on the Judiciary. H. R. 1127. A bill for the relief of Sirkka Siiri Saarelainen; without amendment (Rept. No. 702). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H. R. 1466. A bill for the relief of Daniel Kim; with an amendment (Rept. No. 703). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. H. R. 1625. A bill for the relief of Christine Kono; with an amendment (Rept. No. 704). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1975. A bill for the relief of Rudolf A. V. Raff; with an amendment (Rept. No. 705). Referred to the Committee of the Whole House.

Mr. GOSSETT: Committee on the Judiciary. H. R. 2084. A bill for the relief of Teiko Horikawa and Yoshiko Horikawa; with an amendment (Rept. No. 706). Referred to the Committee of the Whole House.

Mr. CHELF: Committee on the Judiciary. H. R. 2709. A bill for the relief of Sadae Aoki; without amendment (Rept. No. 707). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCHANAN:

H. R. 4908. A bill making the 14th day of August in each year a legal holiday, and for other purposes; to the Committee on the Judiciary.

By Mr. BYRNES of Wisconsin:

H. R. 4909. A bill to provide Members of Congress with more timely and comprehensive knowledge of the appropriations and expenditures needed for the functional operations of the Government, to promote efficiency in the legislative branch of the Government, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. CURTIS:

H. R. 4910. A bill to relieve taxpayers from the payment of interest on deferred payments under section 722 of the Internal Revenue Code; to the Committee on Ways and Means.

H. R. 4911. A bill to provide for review by courts of the United States of determinations under section 722 of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. HARRIS (by request):

H. R. 4912. A bill to amend the District of Columbia Redevelopment Act of 1945 to provide an alternative method of financing, and for other purposes; to the Committee on the District of Columbia.

By Mr. HOLMES:

H. R. 4913. A bill to authorize the construction of the Klickitat unit of the Wapato project, Yakima Indian Reservation, Wash., and for other purposes; to the Committee on Public Lands.

By Mr. JACOBS:

H. R. 4914. A bill to repeal the Labor-Management Relations Act, 1947, being Public Law No. 101, Eightieth Congress; to protect the right of parties to labor contracts to organize to bargain collectively; to protect the right of members of such organizations to govern their said organizations; to protect the public health and safety, as distinguished from public convenience; to provide additional facilities for the mediation and conciliation of labor disputes, all in all cases affecting commerce; and for other purposes; to the Committee on Education and Labor.

By Mr. PETERSON:

H. R. 4915. A bill to amend the act of December 24, 1942 (56 Stat. 1086; 43 U. S. C., sec. 36b), entitled "An act to authorize the Secretary of the Interior to acquire lands or interest in lands for the Geological Survey"; to the Committee on Public Lands.

By Mr. REED of New York:

H. R. 4916. A bill to exempt from stock-transfer tax transfers between a corporation and its nominee; to the Committee on Ways and Means.

By Mr. NORBLAD:

H. R. 4917. A bill to provide transportation for certain persons to the Union of Socialist Soviet Republics, and for other purposes; to the Committee on Foreign Affairs.

By Mr. HERTER:

H. R. 4918. A bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. JAVITS:

H. R. 4919. A bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CASE of New Jersey:

H. R. 4920. A bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. NIXON:

H. R. 4921. A bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MORTON:

H. R. 4922. A bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FULTON:

H. R. 4923. A bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HALE:

H. R. 4924. A bill to facilitate the broader distribution of health services, to increase the quantity and improve the quality of health services and facilities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HERTER:

H. R. 4925. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Ways and Means.

By Mr. JAVITS:

H. R. 4926. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Ways and Means.

By Mr. CASE of New Jersey:

H. R. 4927. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Ways and Means.

By Mr. NIXON:

H. R. 4928. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Ways and Means.

By Mr. MORTON:

H. R. 4929. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Ways and Means.

By Mr. FULTON:

H. R. 4930. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Ways and Means.

By Mr. HALE:

H. R. 4931. A bill to provide for the deduction of subscription charges to certain prepayment health service plans for the purposes of the Federal income tax; to the Committee on Ways and Means.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

973. By Mr. HART: Petition of the Jersey City Junior Chamber of Commerce, urging repeal of the transportation tax; to the Committee on Ways and Means.

974. Also, petition of Gen. Joseph Wheeler Post, No. 62, VFW, urging that an investigation of David Lilienthal and the Atomic Energy Commission be undertaken; to the Joint Committee on Atomic Energy.

975. By Mr. WILSON of Oklahoma (for himself and the Oklahoma delegation in Congress): Memorial of the Oklahoma State House of Representatives, memorializing Congress to take all possible necessary action to alleviate the serious hazard to health caused by the prevalence throughout a large part of the United States of ticks; to the Committee on Interstate Foreign Commerce.

976. By the SPEAKER: Petition of Mrs. Robert J. Frazier and others, Walla Walla, Wash., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

977. Also, petition of Mrs. M. L. Norton and others, St. Petersburg, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

978. Also, petition of P. Marion Kissans and others, Daytona Beach, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

979. Also, petition of A. A. MacDonald, clerk, City of Cincinnati Council, Cincinnati, Ohio, urging favorable consideration of H. R. 3824; to the Committee on Public Works.

980. Also, petition of Pearl L. Curry and others, Walla Walla, Wash., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

981. Also, petition of Mrs. Willie Miller and others, Mitchell, S. Dak., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

982. Also, petition of Mrs. A. Bruner and others, Daytona Beach, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

983. Also, petition of Fred Correll and others, Miami, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

984. Also, petition of Mrs. M. L. Morse and others, Tampa, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

985. Also, petition of Mrs. Mabel Norton, St. Petersburg Townsend Club, No. 1, St. Petersburg, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.